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Faculty of Business
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**Assessing Product Development Practice
Of K.O.JJ Food Processing Complex**

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**FACULTY OF BUSINESS
DEPARTEMENT OF MARKETING MANAGEMENT**

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CHAPTER ONE

INTRODUCTION

1.1. Back ground of the study

New product development is repositioning of existing product or offering the existing product at low price, or making improvements in the existing product or adding new product items to the existing product line or taking up a product line which is completely new to the organization or new to the world (Saxena, 2002:226).

Besides product development is an important function of the marketing department of any concern following consumer orientation, it includes a number of decisions, namely, what to manufacture or buy. How to have its packaging, how to fix its price, and how to sell it (Kotler and Mittal, 2002:179).

By its nature marketing requires new ideas unlike some organizational function where basic processes follow fairly consistent routine. Successful marketers are constantly making adjustment to their marketing efforts. According to Kotler and Armstrong, (2002:276). In all, to create successful new products, a company must understand customers it must carry out strong new product planning and set up a systematic new product development process for finding and growing new products.

K.O.JJ Food processing complex is a private limited company which is owned by an individual called Kassa Oma JJ. It is established in 1987 in Ethiopian calendar with initial investment capital of almost 30million Ethiopian birr and it has currently 385 employees. K.O.JJ food processing complex P.L.C is located in Addis Ababa Kolfe Keraniyo Sub city Keble 15/16 particularly called Asko.

The company has two product line offerings to the market these are K.O.JJ flour and K.O.JJ biscuits using different brand name these are Yoyo, Viva,

Yene, Sarem, Arif and K.O.JJ fasting biscuit. Also with regard to flour the company offers the flour products through packing in different kilograms.

A company has to be developing and managing new product due to the nature of the product goes through several phases and eventually dies as newer products come along that better serve consumer needs. It is within this view that the student researcher is initiated to assess product development practices of K.O.JJ food processing complex.

1.2. Statement of the problem

Given the rapid changes in consumer tastes, technology and competition, companies must develop a steady stream of new product and services. A firm can obtain new products in two ways. One is through acquisition by buying a whole company, a patent, or license to produce some one else's product. The other is through new product development in the company's own research and development department (Kotler and Armstrong, 2006:274).

For the reason that product become obsolete after the completion of its life cycle, it is essential to develop new product and alter or improve the existing ones. According to Shrelekor, (2004:210) product development and research is a study of consumer preferences and habits as well as dealer preferences and habits relating to a given product. Such a study can determine the extent to which the product should be altered, modified or adapted to meet exactly the existing demand of the customers and resellers.

According to preliminary discussion made with some of the staff members of K.O.JJ Food Processing Complex, in a way of developing new product K.O.JJ Food Processing Complex faces a problem starting from idea generation up to commercialization. Among these problem, failure to follow formal stage of new product development, failure to conduct research and development regarding existing consumer taste and preference, failure to cope up with the advancement

of new technology in relation to new product development. Therefore, the purpose of the study is assessing the company's new product development practices and forward pertinent suggestion so as to combat the observed problem in the product development practices of the company.

1.3. Research Question

In order to address the above mentioned problems the following research questions were raised:

1. What challenges does the company faces related with development of new product?
2. How does the company act to meet customer expectation and need?
3. What strategies does the company follow in developing new product?
4. What problem does the company faces related with technological advancement?

1.4. Objectives of the study

The objectives of the study have both the general objective as well as specific objective.

1.4.1. General objective of the study

The general objectives of the study is assessing the new product development practice of K.O.JJ Food Processing Complex and forward better product development practices

1.4.2. Specific objective of the study

1. To investigate challenges of the company in the development of new product.
2. To evaluate the company's action in meeting customer expectation and need.
3. To identify company's new product development practice.
4. To demonstrate effective way of new product development practice.

1.5. Significance of the study

The significance of the study is enhancing the company's new product development practice based on the findings, also for the particular reason of market competitors are increasing from time to time, the findings of the study have a significant role to cope up with those competitors by putting alternative, in addition it helps in broadening the student researcher's knowledge on the area, as well it serves as a reference model for those who want to study on similar title as a secondary data.

1.6. Delimitation of the study

K.O.JJ Food processing complex company has produced flour and flour product biscuit. However, the study focused on studying the product development practice of flour product biscuit due to the relatively high observed problem on the area. In terms of the department of the company though, the company has organized in different departmental sub division like human resource, marketing, supply, engineering and production the researcher has focused on marketing department believing that relevant data sources for the study obtained. Moreover, the study was limited to Merkato, Kolfe, and Shola market areas where customers are highly concentrated.

1.7. Limitation of the Study.

The researcher is an employee and he is fully engaged in his daily activities which became the main cause of time constraint to search for data from the whole population in addition, budget is another constraint in writing the paper in computer centers. However, , the student researcher has been tried to be effective in studying all the areas which were believed as useful elements in the research process and in collecting relevant data from those of selected samples of population and departments.

1.8. Research Design and Methodology

1.8.1. Research Design

In order to acquire relevant data and to demonstrate the problem mentioned, the student researcher used descriptive research method believing that the method can describe the product development practice of K.O.JJ Food Processing Complex.

1.8.2. Population and Sampling techniques.

For conducting this research, the population of the study used considered the company's customers, due to availability of relevant data that can help the student researcher in conducting the research on new product development. In addition marketing manager of the company was selected believing that ample information about the new product development can be obtained.

Since the company has distributed its product to vast number of customers and doesn't have customers list, based on the model given by Malhotra (2006:339) 200 customers sample size had taken. Convenience sampling method had been used in order to select customers of the company for the particular reason the units are available in a certain time and place.

1.8.3. Types of data collection

Primary data had been collected from the customers of the company and the company's marketing manager also secondary data from company's brushers and company's record books in order to collect relevant inputs to make the study fruitful.

1.8.4. Methods of data collection

For the primary data source the researcher has collected data by distributing questionnaire to the company's customers also interview had been conducted with the manager of marketing department. Secondary data also collected from the company's brushers and company's record books.

1.8.5. Method of data analysis

Both qualitative and quantitative data analysis method were used. Qualitative data analysis had been analyzed using percentage and tables and quantitative analysis will were used in order to analyze the data gathered from the interview.

1.9. Organization of the study

This research comprises four chapters. The first chapter deals with background of the study, statement of the problem, research problem, objective of the study, significance of the study, delimitation of the study, research design and methodology. Chapter two focus on related literature reviews, written by different authors on the same issue. The third chapter concerned with analysis and interpretation of the findings on the data which was collected by the researcher using both primary and secondary methods of data collection and the available literature reviews. Finally, the fourth chapter deals with summary, conclusion and recommendation of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. An overview of product

A product is a set of basic attributes assembled in an identifiable form beside it is a set of tangible attributes, which may include package, color, price, quality and brand, plus sellers services and reputation. A product may be a good, services, place, person, or idea (Etzel and Etal, 2004:209).

According to Kotler and Armstrong, (2004:232) product is defined as any thing that can be offered to a market for attention, acquisition, use of consumption and that might satisfy a want or need. Products include more than just tangible goods. Broadly defined, products include physical objects, services, events, person, and places. Organizations, ideas, or roles of these entities. In addition Saxena, (2004:193) defines product as a bundle of satisfactions that a customer buys. It represents a solution to a customer's problems. So long as a product is not bought and consumed, it remains a raw material or at best all intermediate.

Therefore, a product is more than a simple set of tangible features. Consumers further see products as complex bundles of benefits that satisfy their needs. When developing products, marketers first must identify the core consumers needs the product will satisfy. They must given design the actual product and find ways to augment it in order to create the bundle of benefits that will best satisfy consumers.

New product planning and development is an important function of any company involved in offering of product to the market. According to Kumar and Mittal, (2001:179) what ever may be the nature of the operation of a concern new product planning and development is necessary for its survival and growth in the long run. There fore, the product is much more than just bundles of physical attribute. It is the total concept that a customer buys. For this particular reason new product

development practices doesn't mean a mere offering of product to the market rather it includes a decision more than this.

According to Namakumar and Ramaswamy, (2003:344) new product development obviously is highly expensive, time consuming and risk-laden affair. Only those organizations that have the capacity to absorb the shocks arising out of all these factors can really go ahead with the task of new product development.

While effective new product development practice is an avenue for new practice and growth it is not an easy to bring in intrinsically new product but, companies should make every effort to keep improving their offers in all possible ways better features, better functioning, easier operation, better formula more aesthetics and so on.

2.2. Classification of products

Namakumar and Ramaswamy suggested that, (2003:281). Product is umbrella for any item offered for sale by a firm. It may take different forms, meet different purposes and serve different types of buyers. And any based on these dimensions, strategies governing the product can be formulated. In other words, the broad entity called product need to be classified suitably so as to facilitate the strategy formulation task. According to Namakumar and Ramaswamy, (2003:281) products have been classified into consumer products and industrial products, based on the use of the product. Products meant for direct consumption or personal use of consumers were termed consumer product and those that went into the manufacturer of other products were termed industrial product.

2.2.1. Industrial product

Industrial products are those purchased for further processing or for use in conducting a business. Thus the distinction between a consumer product and an industrial product is based on the purpose for which the product is bought(Kumar

and Mittal, 2001:152). The same Author mentioned that industrial product which includes material and parts, capital items and supplies and services.

2.2.1.1 Material and parts

According to Kumar and Mittal, (2001:152). Material and parts include raw materials and manufactured materials and parts. Raw material consists of farm products (wheat, cotton, livestock, fruits, vegetables, and natural products (fish, lumber, crude petroleum, iron etc). manufactured material and parts consists of component materials (iron, yarn, cement wires) a component parts (small motors, fires, costing). Manufactured materials and parts are sold directly to industrial users.

2.2.1.2 Capital item

Capital items are industrial products that aid in the buyer's production or operations, including installations and accessory equipment. Installations consist of major purchases such as buildings (factories, offices) and fixed equipment (generators, drill presses, large computer systems, and elevators). Accessory equipment includes portable factory equipment and elevators). Accessory equipment includes portable factory equipment and tools (hand tools, lift trucks) and office equipment (fax machines, desks). They have a shorter life than installations and simply aid in the production process (Kumar and Mittal, 2001:152).

2.2.1.3 Supplies and services

The final group of business products is supplies and services. Supplies include operating supplies (lubricants, coal, paper pencils) and repair and maintenance products of the industrial field because they are usually convenience products of the industrial field because they are usually purchased with a minimum of effort or comparison. Business services include maintenance and repair services

(window cleaning, computer repair) and business advisory services (legal, management consulting, and advertising). Such services are usually supplied under contract (Kumar and Mittal, 2001:152)

2.2.2 Consumer products

Consumer products are products and services bought by final consumer for personal consumption. Marketers usually classify these products and services further based on how consumers go about buying them. Consumer products include convenience products, shopping products, specialty products, and unsought products. These products differ in the ways consumers buy them and how they are marketed (Armstrong and Kotler, 2006:236).

2.2.2.1 Convenience products

Armstrong and Kotler, (2006:236) agreed up on that convenience products are consumer products and services that the customer usually buys frequently, immediately, and with a minimum of comparison and buying effort. Examples include soap, candy, newspapers, and fast food. Convenience products are usually low priced, and marketers place them in many locations to make them readily available when customers need them.

2.2.2.2 Shopping products

Are goods that the customers, in the processes of selection and purchase characteristically compare on such cases as suitability, quality price and style. Shopping goods can be further divided. Homogeneous shopping goods are similar in quality but different enough in price to justify shopping comparison s heterogeneous shopping goods differ in product features and services that may be more important than price (Kotler, 2003:411).

2.2.2.3 Specialty products

Are consumer products and services with unique characteristics or brand identification for which a significant group of buyer is willing to make special purchase effort. Buyers normally do not compare specialty products. They invest only the time needed to reach dealers carrying the wanted products (Armstrong and Kotler, 2006:236).

2.2.2.4 Unsought products

Are consumer products that the consumer either does not know about or knows about but does not normally think of buying. Most major new innovations are unsought until the consumer becomes aware of them through advertising. Classic examples of known but unsought products and services are life insurance, preplanned funeral services, and blood donations to the Red Cross. By their very nature, unsought products require a lot of advertising, personal selling, and other marketing efforts (Armstrong and Kotler, 2006:234).

2.3. Layers of the product

In new product practices companies may distinguish products in to three distinct layers of the product the core product, the actual product, and the augmented product (Solomon and etal, 2006:230).

2.3.1. The core product

The most basic level is the core benefit, which address the question what is the buyer really buying? When designing products, marketers must first define the core, problem solving benefits or that consumers seek. (Kotler and Armstrong, 2002:276).

2.3.2. The actual product

The second level of the product, the actual product, is the physical good or the delivered service that supplies the desired benefit. The actual product also includes the unique features of the product such as its appearance or styling (Solomon, Marshal and Stuart, 2006:232).

2.3.3. The augmented product

Finally, marketers offer consumers an augmented product the actual product plus other supporting features such as a warranty, credit, delivery, installation, and repair service after the sale (Solomon and etal,2006:232).

2.4. The product mix

One of the realities of business is that most firms deal with multiple products. This helps a firm diffuse its risks across different product groups. Also, it enables the firm to appeal to a much larger group of customers or to different needs of the same customer group (Saxena, 2008:236). Saxena (2008, 237) also said that “The number of products carried by a firm at a given point of time is called its product mix.”

A product mix (also called product assortment) is the set of all products and items that a particular seller offers for sale. A company’s product mix has a certain width, length, depth and consistency.

- ◇ The width of a product mix refers to how many different product lines the company carries.
- ◇ The length of a product mix refers to the total number of item in the mix.
- ◇ The depth of a product mix refers to how many variants are offered of each product in the line. (Kotler, 2003:412).
- ◇ Consistency in product mix is the degree of similarity between product lines with respect to end use, technology, production techniques, and distribution channels. This element of consistency is based on the firm’s long-term objectives, its competitive positioning the industry, strengths, and resource position (Saxena, 2008:237).

2.5. Product attributes decisions

Developing a product or service involves defining the benefit that it will offer. These benefits are communicated and delivered by product attribute such as quality, features, and style and design (Armstrong and Kotler, 2006:239).

2.5.1. Product quality

Product quality is one of the marketer's major positioning tools. Quality has a direct impact on product or service performance; thus, it is closely linked to customer's value and satisfaction. In the narrowest sense, quality can be defined as "freedom from defect" (Armstrong and Kotler, 2003: 239).

2.5.2 Product features.

Most products can be offered with varying features that supplement the products basic function. Being the first to introduce value new features one is of the most effective ways to complete (Kotler, 2003: 318).

2.5.3 Product style and design.

Another way to add customer value is through distinctive product style and design. Design is larger concept than style. Style simply describes the appearance of a product. Style can be eye catching or yawn producing. A sensational style may grab attention and produce pleasing aesthetic, but it doesn't necessarily make the product perform better. Unlike style design is more than skin deep it goes to the very heart of a product. Good design begins with a deep understanding of customer need. More than simply creating product or service attribute, it involves shaping the customer product experience (Armstrong and Kotler, 2006:242)

2.6. Branding

In any given product category only a handful of brands are successful due to this a good marketing programme, is required to develop a winning brand and get it and established in the market. According to Kotler (2003:418) the American marketing association defines brand as: a name, term, sign symbol, or design, or a combination of them intended to identify the goods or services

of one seller or group of sellers and to differentiate them from those of competitors a brand is essentially a seller's promise to deliver a specific set of features, benefits, and services consistently to the buyers (Kotler, 2002:404).

2.7. Packaging

The packaging component of a product refers to any container in which it is offered for sale and on which information is communicated. To great extent, the customer's first exposure to a product is the package all it is an expensive and important part of the marketing strategy (1994:338). According to Kotler (2002:418). Packaging has become a potent marketing tool well-designed package concrete convenience and promotional value.

2.8. Labeling

Seller must label products. The label may be a simple tag attached to the product or an elaborately designed graphic that is part of the package. The label might carry only the brand name or a great deal of information. Even if the seller prefers a simple label, the law may require additional information. The same author also stated that, labels perform several functions. First the label identifies the products or brand. The label might describe the product that made it. Where it was made, when it was made what it contains, how it is to be used, and how to use it safely. Finally the label might promote the product through its attractive graphics (Kotler, 2002:418).

2.9 Product support services

Customer service is another element of product strategy. A company's offer usually includes some support services, which can be minor or a major part of the total offering. In addition the author underling on the company must assess the cost of providing these services. It can then develop a package of services that will both delight to customers and yield profit to the customer (Armstrong and Kotler, 2006:246)

2.10. Product line decision

A product line may be defined as the group of closely related products or items functioning in the similar manner, being sold to same target customers through similar distribution outlets and falling within a certain range of prices. (Kumar and Mittal, 2001:177). According to Kotler (2003:413) in offering a product line, companies normally develop a basic platform and modules that can be added to meet customer requirements.

2.10.1 Product line analysis

Product line managers need to know the sales and profit of each item in their line in order to determine which items to build, maintain, harvest, or divest. They also need to understand each product line's market profile. (Kotler, 2003:413).

2.10.2. Product line length

A product line is too short if profits can be increased by adding items, the line is too long if profits can be increased by dropping items. Company objectives influence product-line length. One objective is to create a product line to induce up selling. Still another objective is to create a product line that protects against economic ups and downs (Kotler, 2003:415).

2.11. Product strategies

Product strategy statements need to define the business that the product group represents, whether or not treated financially as a formal business unit, provide a sense of direction, focus and practical framework for individual product decision, the development of marketing strategies and plans for specific products or closely related products clusters, the development of product development plans and the development of manufacturing strategy and plans. In addition identify priorities for market and product development in order to allocate available financial resources (Bose, 1998:366).

2.11.1. Product mix strategy

Product mix, which is the larger entity, denotes the complete set of all products offered for sale by a company. The product mix is composed of several product lines (Ramaswamy and Namakumari, 2004: 282). Also (Etzel, Walker and Stanton, 2004:236) stated a product mix is the set of all products offered for sale by a company. The structure of a product mix has both breadth and depth. Usually product mix strategies are composed of positioning the product, product mix is expansion, Alteration of existing products, product-mix contraction and trading up and trading down.

2.11.1.1. Positioning the product

Management's ability is being alteration to a product and to differentiate in a favorable way from similar products goes a long way toward determining that product's revenues. Thus management needs to engage in positioning. Regardless of which positioning strategy is used, the needs of the target market always must be considered (Etzel and etal, 2004:237).

2.11.1.2. Product-mix expansion

Product- mix expansion is accomplished by increasing the depth within a particular line and/or the number of lines a firm offers to customers. The authors also stated that, when a company adds a similar item to an existing product line with the same brand name, this is termed a line extension (Etzel and etal, 2004: 239).

2.11.1.3. Alteration of existing products

Rather than developing a completely new product, management might do well to take a fresh look at the organization existing product often improving an established product. Termed product alteration, can be more profitable and less risky than developing a completely new one (Etzel and etal 2004: 241).

2.11.1.4. Product mix contraction

Another strategy, product-mix contraction is carried out either by eliminating an entire line or by simplifying the assortment within a line. Thinner and/or shorter product lines or mixes can weed out low profit and unprofitable

products. The intended result of product-mix contraction is higher profit from fewer products (Etzel, Walker and Stanton, 2004: 241).

2.11.1.5. Trading up and trading down

The product strategies of trading up and trading down involve a change in product positioning and an expansion of the product line. As Etzel and Walker (2004:242) stated trading up means adding a higher price product a line in order to attract a broader market. Also the seller intends that the new products prestige will help the sale of its existing lower. Price products in addition trading down means adding a lower-price product to a company's product line.

2.12. Marketing objectives and strategies over the product life cycle

Products, like any other things in this world, go through lifecycle due to change in consumer taste and needs and also due to technological innovation, the better products are introduced in to the market, the sales and profitability of a product or a brand will not remain in the same situation for decades but will change with time. Thus, a product goes through various stages before its introduction in the market fill the product goes or fads out of the market (Bose, 1998:398).

2.12.1. Introduction

This is the first stage in the life of a product. This is an infant stage. The product is a new one. The new product means "a product that opens up an entirely new market, replaces an existing product, or significantly broadens the market for an existing product" (Pillai and Bagavathi 2005:137).

2.12.2. Growth

The product satisfies the market. In this stage, a product gains acceptance from the part of consumers and businessmen. Sales of the product increase. Product also increases (Pillai and Bagavathi 2005:137). The strategic marketing objective during the growth phase is to build sales and market share. The strategic focus

will be to penetrate the market by building brand preference. To accomplish this task the product will be redesigned to create differentiation and promotion will stress the functional and/or psychological benefits that accrue from the differentiation. Awareness and trial are still important but promotion will begin to focus on repeat purchasers. As development costs are defrayed and competition increases. Prices will fall, rising consumer demand and increased sales force effort will widen distribution (Jobber, 2001:249).

2.12.3. Maturity

At this stage, keen competition increases. Sales continue to increase for a while, but at a decreasing rate. (Pillai and Bagavathi 2005:137).

As sales peak and stabilize the strategic marketing objective will be to hold on to profits and sales by protecting market share rather than embarking on costly competitive challenges. Since sales gains can only be at the expense of competition. Strong challenges are likely to be resisted and lead to costly promotional or price wars. Brand objectives now focus on maintaining brand loyalty. And promotion will defend the brand leader. Competition may erode prices and profit margins, while distribution will peak in line with sales (Jobber, 2001:250).

2.12.4. Decline

When sales start declining, buyers go for newer and better product. This is because of many reasons-technological advances, consumer shifts in taste, increased competition etc. At this stage, the product cannot stand in the market, many firms withdraw from the market, when sales and profits decrease. (Pillai and Bagavathi 2005:137). Falling sales may tempt some companies to raise prices and slash marketing expenditures in an effort to bolster profit margins. The strategic focus therefore will be on improving marketing productivity rather than holding or building sales. The brand loyalty that has built up over the years will in effect be exploited to create profits that can be channeled elsewhere in the company (e.g. new products). Product development will cease the product line depth reduced to the bare minimum of

brands and promotional expenditure cut possibly to zero. Distribution costs will be analyzed with a view to selecting only the most profitable outlets. Product elimination is likely as non-visible sales levels are encountered. Many product elimination decisions are based upon intuition and judgment rather than formalized analysis (Jobber, 2001:240).

2.13. Factors contributing to new product development

Several factors contribute to new product development. While most are related to external environmental variables, the most important internal factor in new product development is the surplus capacity that a firm may have at any given time (Saxena, 2008:273).

2.13.1. Meeting change in consumer demand

In an age of scientific and technological advancements, change is an ubiquitous phenomenon-change in food habits, change in comforts and conveniences of life, change in social customs and habits, change in expectations and requirements any business has to be vigilant about these changes taking place in its environment. People always seek better things-better products and services, more convenience in products, more fashion and more value for money. A business firm has to respond to there dynamic requirements and these responses take the shape of new products and new services. Through such responses, the firm updates itself and stays closer to the consumer (Ramaswamy and Namakumari, 2004:334).

The driving force in new product development is changing customer life styles, leading towards a change in the customers' preferences and expectations (Saxena, 2008:273).

2.13.2. Making new profits

New products become necessary from the profit angle too. Products that are already established often have their limitations in enhancing the profit level of the firm. In the next chapter, we will see how profits from ongoing products decline as they reach the maturity stage of their life cycle and how the profits

vanish as they glide into the stage of decline. It thus becomes essential for business firms to bring in new products to replace old, declining and losing products. New products become part and parcel of the growth requirements of the firm and in many cases, new profits come only through new products (Ramaswamy and Namakumari, 2004:334).

2.13.3. Combating environmental threats

A business firm faces many threats from the environment. It needs new products to combat these threats. Threats emanate from different aspects of the environment such as changes in the condition, there is the ever-present competition acting as another sources of threats.

2.13.4. Technological changes

Another factor is the technological change in the industry and the market. To take advantage of the technological changes and remain competitive, the firm has to have a closer relationship with technological institutes, universities, and research and development labs (Saxena, 2008:274).

2.13.5. Government policy

Government policy also can encourage or foster new product development processes. A government policy encouraging competition and entrepreneurship can motivate firms to launch new products (Saxena, 2008:274).

2.14. New product planning

Product plan is the first step for an entire marketing programme. It is a wider term and includes product development also. Product plan has been defined as “the act of making out and supervising the research, screening, development and commercialization of new products, the modification of existing lines and the discontinuance of marginal or unprofitable items.” The top management, including specialists, takes decision on product planning. It involves idea generation, screening, business analysis, product development, test marketing, and commercialization (Pillai and Bagavathi, 2005:139).

2.14.1. Idea generation

The new-product development process starts with the search for ideas. New-product ideas can come from interacting with various groups and from using creativity generating techniques (Kotler, 2003:356).

2.14.2. Screening

It means critical evaluation of product ideas generated. After collecting the product ideas, the next stage is screening of these ideas. The main object of screening is to abandon further consideration of those ideas which are inconsistent with the product policy of the firm. The product ideas are expected to be favorable and will give room for consumer satisfaction, profitability, a good market share, firm's image etc. all the ideas cannot be accepted, because certain product plans need huge amount of investments, for certain plans raw materials may not be available, certain plans may not be practicable etc, many of the ideas are rejected on account of many reasons and thus eliminate unsuitable ideas only promising and profitable ideas are picked up for further investigation (Pillai and Bagavathi, 2005:141).

2.14.3. Business analysis

Business analysis involves a review of the sales, costs, and profit projections for a new product to find out whether they satisfy the company's objectives. If they do, the product can move to the product development stage. To estimate sales, the company might look at the sales history of similar products and conduct surveys of market opinion. It can then estimate minimum and maximum sales to assess the range of risk. After preparing the sales forecast, management can estimate the expected costs and profits for the product, including marketing, research and development, operations, accounting, and finance costs. The company then uses the sales and costs figures to analyze the new product's financial attractiveness (Armerstrong and Kotler, 2006:283).

2.14.4. Product development

This is the stage where the product ideas now move from the concept and design boards to research and development and manufacturing for physical development.

Both these departments should keep the customer feedback in mind while developing the physical version of the product. Also, they must ensure that the product is easy and safe to use by an average customer (Saxena, 2004:232).

2.14.5. Test marketing

The new product is now tested on four parameters: trial, first purchase, adoption (repeat purchase) frequency and the volume bought each time. As we mentioned in the chapter on marketing research, a marketer has to be careful in avoiding pit falls. On account of the risks involved in test marketing, most companies avoid it. But those who do test market know that it can yield valuable information about customers, dealers, marketing mix and strategy.

2.14.6. Commercialization

This is the final stage of product planning. At this stage, production starts, marketing programme begins to operate and products flow to the market for sale. It has to compete with the existing products to secure maximum share in the market-sales and profits. When a product is born, it enters into the markets; and like human beings, has a life span-product life cycle (Pillai and Bagavathi, 2005: 141).

2.15. Diffusion of an innovation or new product idea

New product ideas or innovations take time to diffuse and get adopted in the market-place. According to Saxena (2008:289). The pace at which products diffuse differ from one market to another depending on factors like the extent to which an economy is open to new products, media, transportation, warehousing, and the distribution network. It also depends on customer awareness and knowledge. People differ in terms of their risk taking and attitude towards change. This affects their willingness to try and adopt a new product.

2.15.1. Stages in the adoption process

According to Armstrong and Kotler (2006:160) adoption process is the mental process through which an individual passes from first learning about an

innovation to final adoption and adoption as and decision by an individual to become a regular user of the product.

Consumers through five stages in the process of adopting a new product (Armerstrong and Kotler, 2006:160).

- ◇ Awareness: the consumer becomes aware of the new product, but lacks information about it.
- ◇ Interest: the consumer seeks information about the new product.
- ◇ Evaluation: the consumer considers whether trying the new product makes sense.
- ◇ Trial: the consumer tries the new product on a small scale to improve his or her estimate of its value.
- ◇ Adoption: the consumer decides to make full and regular use of the new product.

2.15.2. Individual differences in innovativeness

- ◇ **Innovators:** these individuals are high on risk taking and hence more open to change they are more aware and are perceived as opinion leaders in the market. In fact, they hold the same opinion about themselves. Others look up to them for guidance and recommendation. They are brand switchers. Once the innovators have bought the new product or brand and feel satisfied, they talk about it to their friends, neighbors, relatives, and peer group (Saxena, 2008:290).
- ◇ **Early adopters:** are guided by respect-they are opinion leaders in their communities and adopt new ideas early but carefully (Armerstorng and Kotler, 2006:161).
- ◇ **Early Majority:** are deliberate although they rarely are leaders, they adopt new ideas before the average person (Armerstorng and Kotler, 2006:161).
- ◇ **Late Majority:** are skeptical-they adopt an innovation only after a majority of people have tried it (Armerstorng and Kotler, 2006:161).

- ◇ **Laggards:** they are averse to risk-taking and until it is 100 percent safe to use the product, they generally do not buy it. They are loyal to existing brands and products (Saxena, 2008:290).

2.16. Organization of new product

According to Saxena (2008:291) there are various organizational alternatives to new product development. A few of them are:

I. Formation of venture groups

Some companies assemble a group of executives from production, research and development, and marketing to develop a new product. These persons come together for a specific purpose and after achieving it return to their parent departments. These groups are called venture groups. The marketer provides market feedback on new technologies developed by research and development, who then adopts them to customers' needs. Production executives provide feedback on the amount of time it will take to make the product and the bottlenecks they may face. In some companies, finance executives are also a part of this group to provide the financial dimensions of new product development. This is useful as it helps the marketer to arrive at a price for the new product.

II. Marketing department

In most firms new product development is the responsibility of the marketing group. And within this group it is the task of the product management group. The limitation of this organizational structure is that, at times new product development may not be able to consider organizational resources and constraints. Hence, cooperation from other departments may not come through and the new products may never be able to take off.

III. Research and development department

Some firms assign the task of new product development to their research and development department. The limitation of this structure is that many a time research and development scientists may come up with excellent

research products but the market may not accept them. The assumption that “best product wins the day” may not hold good in the market place.

IV. Planning department

Few firms have a corporate planning department. It may be named in any manner but the firm assigns this department the task of environmental scanning and developing new products. This has the advantage of a specific group of executive being responsible for involving coping strategies to meet environmental uncertainties. The limitations here too, are the same as in the case of new product development being assigned to marketing or research and development department.

To conclude, new products are important to an organization’s sustained growth and in some cases even renewal. The firm should be able to effectively manage this function to get higher returns on its investment.

CHAPTER THREE

DATA PRESENTATION ANALYSIS AND INTERPRETATION.

This chapter deals with the presentation analysis and interpretation of the data gathered from customer of K.O.JJ Food Processing Complex. Both Questioner and interview were used in order to obtain the data.

Questionnaires were distributed to K.O.JJ. Food Processing Complex customers and interview was conducted with the Marketing Manager. For this particular study 200 questionnaire containing both open ended and closed ended questions were distributed to the customers of K.O.JJ Food Processing Complex.

Among the distributed questionnaire 96% of the questioners were filled and returned back, which means 192 questionnaires out of the total 200 questionnaires were collected.

3.1. General characteristics and background of the respondents.

The General characteristics and background of the respondents include sex and age distribution, occupation and educational status of the respondent as shown below in table 1.

Table 1. General Characteristics and Background of the Respondents

No.	Items	Respondents	
		No of respondents	Percentage
1	Sex distribution		
	A. Female	112	58.33
	B. Male	80	41.67
	Total	192	100.00
2	Age distribution		
	A. 18-27	86	44.80
	B. 28-37	53	27.60
	C. 38-47	31	16.14
	D. 48 & above	22	11.46
	Total	192	100.00
3	Educational background		
	A. High school	36	18.75
	B. Certificate	54	28.13
	C. Diploma	38	19.79
	D. First degree	24	12.50
	E. Others	40	20.83
	Total	192	100.00
4	Occupation		
	A. Office job	54	17.71
	B. Filed work	36	18.75
	C. Business person	40	20.83
	D. Others.	82	42.71
	Total	192	100.00

According to the indication of table 1 of item I 112(58.33%) of the sex distribution of the respondents were female and 80(41.67%) of them were male respondents. Based on the indication of the figure female respondents were taken the majority. The possible explanation of the figure why female respondent had taken the majority number of consumers of the product is due to the purchasing practice of food stuffs for family is overwhelming rests up on the shoulder of the females as well as females close relationship with children in relation to Ethiopian culture.

The age distribution of respondents which is shown in item two of table I indicates age from 18-27 comprises 86(44.88%) age form 28-37 comprises 53(27.80%) age

from 38-47 comprise 31(16.14%) and above the age of 47 comprises 22(11.46%) of the total respondents of the questionnaire. According to the finding of the age distribution profile of the respondents the majority the age distribution comprises between the ages of 18-27. Therefore it is possible to say that K.O.JJ biscuit is mostly favored by consumers who are found particularly with in this age group.

Concerning the educational background of the respondents 36(18.75%) of the respondents were from the High school. 54(28.13%) of the respondents has a certificate in several type of fields of study, 38(19.79%) of them has got their diploma and 24(12.50%) of the respondents were first degree holders. But, the rest of the respondents which comprises 36(18.75%) of the respondents were with educational level more than first degree and less educated part of the society. Based on the indication of the figure majority of the respondents had reliable academic status in order to suggest relevant information.

Regarding the occupation of the respondents shown in item 4 of the same table 34(17.71%) comprises office job workers, 40(20.83%) comprises filed workers, 40(20.83%) were business persons and the rest of respondents which comprises 82(42.71) of the total respondents were engaged in different kinds of daily labors work, house wife, street vending of different product items including K.O.JJ biscuit.

3.2 Analysis on the findings of the study.

This assessment of the research is on new product development practice of K.O.JJ Food Processing Complex particularly on its biscuit product from both customers as well as the company's employee point of view. Several questions were raised to sample respondents related with new product development of biscuit product hence, In this section of the chapter responses collected from customers and the marketing manger of the company are presented analyzed and interpreted.

Table 2. Responses of customers about there relationship with K.O.JJ biscuit product.

No	Item	Respondents	
		No.	Percentage.
1	Since when have you been consuming K.O.JJ biscuit?		
	A. From 1-4 years	90	46.88
	B. From 5-8 years	64	33.33
	C. From 9-12 years	20	10.41
	D. Above 12 years	18	9.38
	Total	192	100.00
2	Have you ever been using biscuit product other than K.O.JJ biscuit?		
	A. Yes	183	95.31
	B. No	9	4.69
3	It you have used other biscuit product how do you compare the quality of K.O.JJ. biscuit?		
	A. Very high	10	5.46
	B. High	15	8.20
	C. Medium	50	27.32
	D. Very low	80	43.72
	E. Low	28	15.30
	Total	183	100.00

Item one of table 2 shows that customers who were asked since when they have been consuming K.O.JJ Biscuit respond accordingly, 90(46.88%) of the total customers were consuming K.O.JJ. Biscuit starting form the year 1-4, 64(33.33%) of 20(10.41%) consumers start consuming form the year 9-12, In addition consumers 18(9.38%) of the total consumers were start consuming K.O.JJ biscuit more than 12 years ago. Based on the collected data the majority of consumers start consuming form 1-4 year (46.88%) and 5-8 years 64(33.33%).

Regarding table 2 of item two customers of K.O.JJ biscuit were asked whether they have ever been consuming biscuit product other than K.O.JJ biscuit responded accordingly, 183(95.31%) of them were respond “yes” as well as 9(4.69%) of them

replied 'No'. This figure indicates that majority of respondents have been consume other company's which can help the consumers to make reasonable evaluation over the companies product. So it can be the reason why a consumer requiring new, additional flavored, advanced design, as well as additional featured biscuit product as it is explained briefly on the review of literature in chapter two.

On the same table in item three of table 2 respondents of the questioner were required to rate the quality of K.O.JJ biscuit product as of compared with other competitors product and they responded, 15(8.20%) the product has very high quality, 15(8.20%) responded high quality, 50(27.32%) were responded medium, 80(43.72%) were responded very low in addition 28(15.30%) of the responded the product has low quality. This figure implies that the company should strive for improvement by giving due attention to words the product development in order to full fill the requirement of the customers because 27.32-43.72 percent of the response lies between the range of medium to very low so the product development activity should be reconsidered in order to meet customer product specification .More over the company should made an activity in hiring skilled professional who will come up with a greater idea to develop new product and modifying existing product and developing new product with highest quality.

Table3. Responses of customers about their taste and preferences for K.O.JJ biscuit product.

No	Item	Respondents	
		No	Percentage
1	How do you evaluate the companies biscuit product flavor?		
	A. Very good	5	2.60
	B. Good	27	14.10
	C. Medium	73	38.02
	D. Bad	57	29.70
	E. Very bad	30	15.58
	Total	192	100
2	How do you rate the companies biscuit product design attractiveness?		
	A. Very good	18	9.38
	B. Good	26	13.54
	C. Medium	70	36.46
	D. Bad	60	31.24
	E. Very bad	18	9.38
	Total	192	100
3	How do you evaluate the variety of the product offered		
	A. Very good	14	7.29
	B. Good	76	39.58
	C. Medium	60	31.25
	D. Bad	42	21.88
	E. Very bad	-	-
	Total	192	100

According to table 3 for the questions raised how customers evaluate the flavor of biscuit product, from the total respondents 5(2.6%) of them were replied very good. 27(14.10%) of respondent were replied good. 73(38.02) of the respondents

agreed with medium flavor standard, 57(29.70) put forward their response that the flavor of the biscuit is bad in addition among the total respondents 30(15.58%) of them were responded that the company's biscuit is flavored very bad, among the total respondents 57(29.70%) of them were responded that the company's biscuit is very bad, in addition the company's biscuit has very bad flavor, this indicates that majority of the respondents which is 73(38.02%) rate that the company's biscuit flavor has a medium range of flavor. This finding suggested that the product flavor has an average level compared to the customer's expectation. This particular reason pushes the company to make continuous assessment for improvement of biscuit product in order to meet consumer's expectation.

On item two of table 3 respondents were required to rate the company's biscuit product design attractiveness, 18(9.38%) of the total respondents replied the product has very good attraction design, 26(13.34) were said the product has good design, 70(36.46) of them were rate the design of the product through a medium range 60(31.24%) and 18(9.38) were replied as if the product has bad and very bad design respectively this implies that the company still need to make continuous assessment in order to meet its customer's expectation. In addition on the same table in item three respondents were required how do they evaluate the variety of the product offered consequently 14(7.29%) of them were replied the variety of the product offered is very good, 76(89.58%) of them were replied the variety offered is in good situation, 76(39.58%) of the total respondents rate the products variety in a medium level the rest of the respondents which comprises 60(31.25%) and 42(21.88%) replied bad and very bad respectively. This suggested that the variety of the product offered is in competing level in the market.

Table 4. Product evaluation of customer's towards K.O.JJ biscuit

No	Item	Respondents	
		No	Percentage
1	How do you the evaluate the products capability of meeting with your need?		
	A. Very good	6	3.13
	B. Good	14	7.29
	C. Medium	98	51.04
	D. Bad	40	20.83
	E. Very bad	34	17.71
	Total	192	100
2	Which characteristics do you fined the strongest part of K.O.JJ biscuit?		
	A. Cost effective	95	49.48
	B. Its design	36	18.75
	C. Its quality	38	19.79
	D. It flavor	23	11.98
	E. other	-	-
	Total	192	100
3	How do you rate the availability of K.O.JJ. biscuit compared to its competitors?		
	A. Very high	-	-
	B. High	6	3.16
	C. Medium	57	30
	D. low	87	45.78
	E. Very low	40	21.06
	Total	192	100

On item one of table 4 for the question raised on evaluation of biscuit product capability of meeting customer's need 6(13.13%) had very good evaluation level for the product. On the other hand 14(7.49%) of the total respondents had good

evaluation towards the need expectation of the product 98 (51.04%) had medium level evaluation, 40(20.83%) had bad evaluation compared to their need, finally 34(17.71%) of the company's customer had very bad evaluation towards their need expectation. From the customers response we can understand that majority 98(51.04%) of the respondents choose medium level evaluation. Based on the result of assessment the company need to give due consideration for its product offer. Hence, the problem is solved through the empowerment of research and development department.

Item two of the same table shows respondents required with respect to characteristics of the product, replied accordingly 95(49.48%) of them agreed up on the product cost effectiveness, the product design and it's quality had taken 36(18.75%) & 38(19.79%) respectively. From the total respondents about the strong character of the product offered 23(11.98%) of them suggested that it's flavor is it's strongest part this finding indicate that the company need to keep up on it's strongest part in addition it needs to make progressive arrangement with regard to it's design, quality and flavor aspects so as to achieve competitive advantage with meeting customers expectation and need. With respect to the products rate of availability. On item three of the same table from total 57(30%) of the respondents replied the rate of the availability is medium respondents who were replied low were 87(45.78%) among the total respondents the remaining respondents which comprises 40(21.06%) were categories the product availability under low rate. This implies that 87(45.78%) which is the majority of respondents rate the product availability in low level in the market. This finding enables to judge the rate of the availability of the product is one of the attribute of the new product development.

Table 5. Attitude of Customer Forwarded on K.O.JJ Biscuit Product modification and Improvement

No	Item	Respondents	
		No	Percentage
1	How you ever seen or heard any product development since you start consume K.O.JJ biscuit?		
	A. Yes	48	25.00
	B. No	134	69.79
	C. I don't know	10	5.21
	Total	192	100
2	What is your suggestion to the company to incorporate in the newly or modified biscuit product?		
	A. Additional features	54	28.13
	B. Variety in design	46	23.96
	C. Additional flavor	56	29.16
	D. Change in packaging	36	18.75
	E. Other	-	
	Total	192	100

Regardless of the attitude of customers towards product development practice of K.O.JJ. Biscuit for the question on table 5 of item one, if customers have ever seen or heard any product development since they start consume the company's biscuit product 48(25%) were replied "yes" 134(69.79%) of the respondents replied that they have not experienced or seen any product development in addition 10(5.21%) replied that they don't have any idea about the product development practice of the company. The company's marketing manager was also required about the new product development practice of the company. He responded that his company didn't make remarkable activities rather than adding changes insignificantly on the packaging and flavor. But since the company's establishment the company didn't make any kind of significant marketing research on new product development so as to know to what extent the company should work on developing new product , altering or modifying existing product. This finding

implies that the company should give due attention for research and development department.

On the same table in item two customers were required to give their suggestion to the company what to incorporate in the newly or modified biscuit product 54(28.18%) of the respondents suggested the company to work on additional features, 46(23.96%) of the were focus of the product design of the product in addition 56(29.16%) and 36(18.75%) of the total respondents emphasis on additional flavor and change in packaging of the product. Form the collected data on this particular point it is possible to deduce significant implication, the rate of the collected data indicates the company has to emphasis on packaging, design flavor, and additional feature by using up technological advancements.

Table 6 Customers response of their perception related with K.O.JJ biscuit

No	Item	Respondents	
		No	Percentage
1	How do you evaluate the current packaging component of K.O.JJ biscuit in conveying the information?		
	A. Very good	11	5.73
	B. Good	18	9.38
	C. Medium	30	15.62
	D. Poor	60	31.25
	E. Very poor	73	38.02
	Total	192	100
2	In What way have you perceived K.OJJ biscuit in your mined?		
	A. Good taste	18	9.89
	B. Attractive design	28	14.58
	C. High quality	11	5.74
	D. Cost effective	134	69.79
	E. Other.	-	
	Total	192	100
3	Do your think K.O.JJ biscuit brand is definitive is easily different a red		
	A. Yes	89	46.36
	B. No	85	41.27
	C. I don't know	18	9.37
	Total	192	100

For the questions raised on customer's perception related questions with regarded to K.O.JJ biscuit, on item one of table 5. How do they evaluate the current packaging component of K.O.JJ biscuit in conveying information about the product, is (5.73%) of them replied it's very good, 18(9.38%) of them replied good, 30(15.62%) of the total respondents put forward their response the packaging component has conveyed information at medium level, 60(31.25%) and 73(38.02%) of the total respondents also responded poor and very poor respectively. This

finding indicated that the company's product package is not as per the respondent expectation. There for, the company needs to change the current packaging of the biscuit product by adding all the necessary information and attractive postings through incorporating research and development efforts as well as technological advancements. Regarding customers product association 19(9.89%) of them relate the product with good taste 28(14.58%) of them associated the product with attractive design, 11(5.74%) of the respondents associate the product with quality, finally 134(69.9%) relate with its cost effectiveness. This implies that the company has strong image related with cost effectiveness. However, it's an opportunity for the company that the majority of the company is price sensitive, still the company should work hard on the aspects of design, test, especially on the quality aspect because as per the response of the marketing manager K.O.JJ food processing complex has not been made any significant action in order to improve the quality of biscuit product. There fore, the company should reconsider its new product development practice as it is accordingly mentioned on the review of related literature part, product quality is the ability of the product to perform its function, freedom from defect and consistent in delivering excepted level of its performance. On the same table in item three customer were ask whether K.O.JJ biscuit brand is distinctive and easily differentiated 89(46.36%) of them has said "Yes" it is differentiated on the contrary 85(4.27%) of the total respondents has said "No" it is not differentiated the rest of the respondent which were comprises 18(9.37%) of the total respondents replied that they don't have any idea about the product brand distinctiveness. As it is indicated on review of related literature brand is intended to identify products or services and to differentiate them form those of competitors, and a brand is essentially a seller's promise to deliver a specific set of features, benefits to the buyers.

Table 7. Complain Handling Practice of K.O.JJ's food possessing complex.

No	Item	Respondents	
		No	Percentage
1	Have you ever had any kind of complain on the company's product?	159	82.81
	D. Yes <input type="checkbox"/>	33	17.19
	E. No <input type="checkbox"/>		
	Total	192	100
2	If you say 'Yes' Have you ever appeal to the company?		
	A. Yes	48	30.19
	B. No	111	57.81
	Total	159	100
3	To whom did you address your complain?		
	A. To the manager	20	41.67
	B. To one of the staff member	28	58.33
	C. In to the suggestion box	-	-
	D. To complain handling desk	-	-
	Total	48	100

Regardless of complain handling mechanism of K.O.JJ Food processing complex customers were required if they ever had any kind of complain on the company's product on item one of table 7, 159(82.81%) of the customers had made a complain toward the company's product the remaining 33(14.19%) of the respondents had never been complained towards the company's product draw backs. On the same table of item two respondents were required to answer if they ever had appeal their question to the company, consequently, 48(30.19%) say "Yes" in contrast 111 (57.81%) were replied "No". Therefore the highest number of the respondents didn't try to make any communication in order to address complain. Respondents who address their complain to the Company's Manager comprises 20 (41.67%) in addition 28(58.33%) were to one of the stuff member. As show from the table respondents had no experience in addressing complain to the company and it is

possible to say that K.O.JJ food processing complex doesn't give due consideration in handling customers complain or question. Consumers are main sources of idea generation in the practice of new product development, however it is possible to deduce form the data in table 7 that the company is fail to use customer's complain, feed back, and suggestion to the extent needed for new product development. This implies that the company should establish strong communication bridge regarding where and to whom the customer should address complains or questions so as to meet the customers expectation of the product.

Finally, open ended questions were raised to the respondents to suggest their idea regarding new product development. Consequently majority of the respondents were put forward their suggestion on the product, quality, design, and flavor and about the products variety. They were said there has to be radical improvement on the mentioned areas of the product. In addition in order to arrange best improvement methods by incorporating its activities using advanced technology.

CHAPTER FOUR

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

4.1. Summary of Major Findings

This chapter provides summary, conclusion and recommendations based on the data analysis and recommendation made on chapter three. The data analysis conducted on general characteristics and background of the customer find that majority of the respondents where between the age group of 28-37 with greater number of females respondents and majority of them where engaged in different fields of work.

Generally, the customer respondents where diversify through different gender, educational background, fields of work and age group. Analysis made on customers responses of there relationship with K.O.JJ. biscuit product indicated that majority of the respondent where 1-4 years since they have been start consuming the product, there number comprises, 90 (46.88%) of the total respondent, regardless of the question raised about the product quality, 10(5.46%) and 15(8.2%) of the respondent where agreed up on very high and high quality of the product respectively. In addition the rest of the respondent which comprises 80(43.8) and 28(15.30%) of the total respondent replied the product has low and very low quality.

Regarding the test and preference of the product in relation to the flavor of the product majority number of the customer evaluation lies on the medium range that comprises 73(38.02%) the total respondents, only 5 or 2.6% of the respondents where evaluated the product flavor in a very good range. Concerning the design attractiveness of the product, 18(5.38%) of the respondent replied very good 26(13.54%) of them replied good, 70(36.46%) of them replied medium and 18(9.38%) agreed on the product has very bad design. Moreover for the question raised with regard to customers evaluation of verity of the product of offered. Majority of the respondent evaluation lies on medium range which comprises

76(39.58%) of the total respondent from the customer's evaluation of K.O.JJ. biscuit.

with regard to capability of meeting their need 6(3.13%) respondents were said very good, 14(7.29%) of respondents witnessed that the product is good in meeting their need majority number of the respondent which are 98(51.04%) where agreed up on medium level capability of meeting their need. In addition 40(20.83%) and 34(17.7%) of the total respondent claimed bad and very bad capability of meeting their need in relation to the strong or competing characteristics of K.O.JJ. biscuit 95(49.48%) of the total respondent were witnessed that the product offered with relatively cost effective in contrast design quality and flavor of the product has got poor evaluation.

Concerning the rate of the product availability compared to its competitor majority number of the respondent agreed on low level of the product availability which comprises 87(45.78) of the total respondents.

With regard to customers attitude towards K.O.JJ. biscuit product development 134(69.79) of the total respondent haven't seen or heard any kind of significant product development practice since they become customer of the product moreover respondent who suggest the company to incorporate additional features to the newly or modified biscuit product are 54(28.13%) variety in design 46(23.96%), additional flavor 56(29.16%) flavor 36(18.75%) suggest the company to make a change on the packaging aspect.

with regard to customers perception of the product in their mind 18(9.89%) of the respondent perceived the product has good test, 28(14.58%) attractive design 28(14.18%) high quality 134(69.79%) which is the majority of the respondent witnessed the product is cost effective moreover customer were give their response about the company's brand distinctive consequently, 99(46.36%) of them have said 'yes' it is distinctive and 85(41.27%) of the respondent said 'No" it is not

distinctive and cannot be easily differentiated the rest of the respondent which comprises 18(9.37%) of them have no idea about the company's brand distinctiveness.

Regarding complain handling practice of K.O.JJ Food Processing Complex and the fact of the analysis shown that 159(82.81%) of the respondents which are majority number of the respondent has complain on the company's product. From all of the complaints 20(41.67%) and 28(58.33%) addressed complain to the manager and to one of the staff member respectively.

Finally, for the question raised to the respondents to suggest their idea regarding new product development, majority of the respondents were put forwarded their suggestion to the company to make changes on the product variety, design, packaging and flavor in addition they suggest the company to cope up with technological advancements.

4.2. Conclusion.

The data analysis and discussion that have been made on the previous chapter of the study lead the student researcher to possible conclusion and recommendation. Which are presented as follows.

- It is confirmed that through the findings of the research K.O.JJ. biscuit has very poor quality while it is linked with customer's value, satisfaction and expectation of the company's product offer.
- Regarding the company's biscuit product flavor majority of the respondents evaluated it on medium range of product's expected performance. Flavor is one of the varying features that supplement the products basic function. Introducing value new features is most effective way to compete.
- In relation to companies product design attractiveness and the variety of the product offered, finding of the research revealed that majority of the

respondents agreed upon medium level of design attractiveness with this we can conclude that there is a gap between of design of the product and requirements of the customers. Another way to add customer value is through distinctive product design and variety. A sensational design may grab attention and it can produce pleasing aesthetic.

- According to the data analysis there is wide gap between customer's need and company's capability of meeting the required need.
- The interview conducted with the marketing manager revealed that the company doesn't follow formal stage of product development starting from idea generation up to commercialization.
- As it is shown on the data analysis the company's complain handling mechanism isn't at the required level of handling mechanism. This gap may create dissatisfied customers that can push customers to switch to other companies in order to see better product that can give them what they lack from the company. So the company should give due attention to its complain handling mechanism in order to make itself competitive in the market.
- Majority of the result of the interview conducted with the marketing manager indicated that the company's marketing management department has weak formation so as to perform customers marketing requirements.
- According to the company's marketing management witness the company fail to cope up with technological advancement reliable marketing information and skilled manpower.

4.3 Recommendations

In this section of the paper the student researcher tries to forward pertinent recommendation that would help the company to combat problems on the areas of product development practices. The recommendation forwarded allows the company to solve different problems and challenges the obscure the company to be competitive with in the market, accordingly to make possible remedies on the marketing management formation of product development practices.

- The company must follow proper product development practice starting from idea generation up to commercialization.
- The company should work on the formation of skilled research and development department in order to build the company's capacity on the areas of marketing research , measure the company's product development performance level consequently meet it's customer need, test, preference and expectation.
- The data analysis part of the research revealed that the company doesn't update itself with the rapid change in technological advancements. Give the rapid change in consumer taste and competition the company must cope up with the technological advancements.
- Another way to add customer value is through distinctive product design and variety. For this particular reason a company must work on developing a sensational design that may grab attention and it can produce pleasing aesthetic.
- People always seek better things, better product, and more convenience in product. A company has to respond to their dynamic requirements and it leads the company to the better position in the competitive market.
- As it is indicated on the data analysis part customers of the company has given their strong recommendation on the improvement of company's product quality, variety, flavor and design. Taking this valuable suggestion

in to consideration will help the company to get in to the competitive market scenario.

- Finally, in order to establish a strong bridge between the company and its customer the company should have to establish proper complaint handling network thorough out the company's activity.

Appendices

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Declaration

I, the undersigned, declare that this senior essay is my original work, prepared under the guidance of Meaza G/Medhin. All sources of material used for the manuscript have been duly acknowledged.

Name_____

Signature_____

Place of submission_____

Date of submission_____

This paper has been submitted for examination with my approval as the University College Advisor.

Name_____

Signature_____

Date_____

ST. MARY'S University College

Business Faculty

Department of marketing management

Interview forwarded to the marketing manager

1. What strategy does your company implement in order to develop new product?
2. What challenges does the company face in developing new product?
3. Have you ever conduct market research in order to develop new product?
4. Does your company cope up with technological advancement in developing product?
5. Does your company gather ideas, suggestion or feedback from its product consumers?
6. Do you believe that your companies product offering meet customer's need and expectation?
7. What systems do your company used in order to handle customer complains question?
8. What requirements are proposed in your company in order to develop or modify new product?
9. How do you measure the research and development practice of your company in offering new product to the market?
10. What factors are considered in your company to develop new product?