

St.Mary's University
Business Faculty
Department of Marketing Management

**An Assessment of Product Development Process In the Case of
Ethiopian Leather Industry Company (ELICO)**

By
Meseret Kibrom

May, 2014
SMU
Addis Ababa

**An Assessment of Product Development Process In the Case
of Ethiopia Leather Industry Company (ELICO)**

**Senior Essay Submitted to the department of
Marketing Management**

**Business Faculty
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List of Abbreviation

1. MIDROC..... Mohammed International Development
Research and Organization Companies
2. ELICOEthiopia Leather Industry Company
3. LGGU.....Leather good and Garment unit

Declaration

I, the under signed, declare that this senior essay is my original work, prepared under the guidance of Mr. Melkamu Adamu. All Sources of material used for the manuscript have been duly acknowledged.

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Place of Submission St. Mary's University Department of Marketing Management

Date of Submission _____

Advisor's Declaration

This paper has been submitted for examination with my approval as the university advisor

Name _____

Signature _____

Date _____

APPENDIX

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

According to Kotler,(2004:306) production is the main operational function of both manufacturing and service types of business enterprises which focus on systems and sub systems in the organization that converts inputs/resources to outputs. The production process of an organization needs a strategic planning and strategic decision making by top management in order to bring and introduce competitive product for the market. Moreover, Kotler and Armstrong (2006: 274) indicated 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.

Furthermore, 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 existing 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. Given the rapid changes in consumer tastes, technology and competition, companies must develop a steady stream of new products and services. A firm can obtain new products in two ways. One way of getting a new product is by buying a patent or a license to produce someone else's product. The other is through new product development in the company's own research and development department.

Since the development and introduction of new product is a costly process of any business, many companies prefer to acquire existing brands rather than designed new ones.

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.

Ethiopia's leather and leather product sector produce a range of products from semi-processed leather in various forms to processed leathers including shoe uppers, leather garments, stitched upholstery, backpacks, purses, industrial gloves and finished leather. Ethiopian leather products have been exported to markets in Europe (especially Italy and the UK), America, Canada, China, Japan and other far east/Asian countries and the Middle East. Leather is also exported to other African countries including Nigeria and Uganda.

Ethiopia Leather Industry Company (ELICO) was established in August 1997 as the leather manufacturing wing of MIDROC Ethiopia. ELICO was established through the unifying of the late three state owned tanning and finished leather goods factories (i.e. Awash Tannery, Abyssinia Tannery and Universal leather products Factory) in which after its transfer to the MIDROC Group during in the inception of privatizing the companies to the private sectors to manufacture and provide high-quality leather products to the global leather market. As of July, 2013, Fontanina shoe Factory has also become fully operational.

Since its establishment, ELICO is in a dynamic state of continuous growth and expansion. It underwent some fundamental changes. Before the take over the tanneries were basically processing raw-hides and skins to the pickle white blue and crust stages the stiff competition prevalent in the country. Currently ELICO Produces laptop bags, men's leather garment, wallets and belts, ladies leather garment, hand bags and shoes.

The student researcher has to investigate problems on new product development in ELICO's. 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 Problems

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.

With the vibrant market we have customers that are always needed of new and better products. They are interested in having modern and well-designed leather products. Such as laptop bags, men's lather garment, wallets and belts, ladies leather garment and hand bags.

As the company currently practice some gaps observed, that is significant enough to conduct this study. Basically the problems are associated with making research on customers need and want before producing new product.

But ELICO does not provide sufficient new fascinated products designed and finishing goods. Therefore, the student researcher was interested in addressing this issue in particular with ELICO leather good and Garment unit (LGGU) company's products. 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 sources.

1.3. Basic Research Questions

This study addresses the following basic questions:-

1. What Product development Strategy does ELICO follows?
2. To what extent training and workshops is organized for product developers which will help them to adopt with the present technology?
3. How fast does ELICO react for customers complaints regarding the products design?
4. How much customers are satisfied with the current product of ELICO?

1.4. Objectives of the Study

1.4.1. General Objective

The general objective of the study is to assess the New Product Development practice of ELICO.

1.4.2. Specific Objectives

More specifically, the study has attempted to

- Investigate the product development process of the company.
- Identify the capability of the company to cope up with technological changes.
- Investigate how the company handles customer's complaints regarding product design.
- Identify the level of customer's satisfaction towards the company's products.

1.5. Significance of the Study

The student researcher believes that the outcome of the findings of the study will be as follows.

1. The study will help to organization especially with regard to ELICO to identify it Lack of Design and fascinated products solve problems.
2. The study can be useful as reference materials in libraries for students who will conduct senior essay and it will conduct senior essay and it will give away for other researchers to conduct detail research on the issue.
3. Other companies involved in this ELICO industry may also take lesson from this study to improve their new fascinated Design.

1.6. Delimitation of the Study

Assessing all the needs of customers around Ethiopia is hard and impossible. Therefore, the Customers Delimitation encompasses the household customers are final users of the product at Addis Ababa including the factory which is found in Akaki kaliti Sub city at the place is called Sarise and the selling centers found at the Megnega Zefneshe mall and National theater. The study has concentrate from 2009-2013 on the product development product.

1.7 Limitation of the Study

While conducting this study, the student researcher constrained by various restrictions that includes lack of finance and adequate time, some customers were reluctant to fill the questionnaire.

1.8. Research Design and Methodology

1.8.1. Research design

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

1.8.2 Population, Sampling Technique, and Sample Size

Population

In this study, Marketing manager, Employees' and Final customers who use the products of the company is considered as participants of the study. In addition, interview with the marketing manager considered.

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, the student researcher can use minimum size of 200 as a sample. So that, by considering possibility that some questionnaire might not be filled properly or might be responded late. Student researcher has added 30 additional questioners. In order to compensate the rejected and their resulted total number of 230 question respondents. Questionnaires, student researcher has added 30 additional respondents resulting 230 respondents.

Sampling Technique

Since ELICO 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 used non-probability sampling approach. Among the non-probability approach student researcher selected respondent customers by using convenience or accidental sampling technique. Because convenience or accidental sampling is appropriate to collect data easily from such kind of population. And also for the employee used student researcher is selected 7 respondent.

1.8.3. Type of data Collected

Student researcher is implementing both primary and secondary data for this study. The primary data were collected from final consumer, Employee and Marketing Manager of ELICO. In addition to the primary data the student researcher is used secondary data that obtained from different sources and publications such as book, internet and from the company annual reports etc.

1.8.4. Methods of Data Collection

The student researcher collected the necessary information from primary data sources by using questionnaires and also relevant information has been collected from secondary data source like companies annual reports, profiles, printed documents related to the industry.

1.8.5. Method of Data Analysis

The student researcher is used both qualitative and Quantitative data analyses techniques. Quantitative data analysis technique is used to summarize the finding that has gathered through close ended questions by using percentage and using Tables. Because percentage is important in interpreting the results, doing so information's can be put in use of decision making. Qualitative data analysis technique has been used for interview response and open ended questions.

1.9. Organization of the Study

The study has organized in four chapters. The first chapter covers background of the study, statement of the problem, objective and significance of the study, scope of the study limitation and research design and methodology of the study. The second chapter is focused on the literature review. The third chapter is conduct on data analysis, presentation and interpretation. The fourth chapter deals with research finding, conclusion and recommendation.

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 provides 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 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 competitor's 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 Armstrong,2006:274)*.

2.1.3. Importance of product

In Addition a firm is not selling product it sells only the “Product benefit” product is the most important variable in the marketing mix of a firm. Any firm is floated to manufacture and sell a product. If the market, if it satisfies reseller’s needs and consumer preference and if carefully fitted to the needs desires of the customers, seller success is assured (Sherkor, 2004:95)

2.1.4. 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).*

2.1.4.1. Product design

According to Monga (2003:244) another way to add customer value is through distinctive product design. Thus, some companies have eruptions for outstanding design can be one of the most power full competitive weapons in a company’s marketing arsenal. I loved u mor than I can say always

Authors author Pride, (2005:285) State product design refers to now a product is conceives planned and produced. Design is a very complex topic because it involves the total sum of all the outstanding designs of their products. Good design is one of the best competitive advantages any brand can possess.

2.1.4.2. Product Feature

Product feature are specific design characteristics that allow a product to perform certain tasks. By adding or subtracting features, a company can differentiate its product features can also be used to differentiate product within the same company (Pride and Ferrell, 2005:285).

2.2. Level of a Product

According to Philip Kotler 9th edition (from page 433-435 and page 285) new product can be categorized in to:

A product has five levels. Each level adds more customer value, and the five constitute a customer value hierarchy.

- 1. Core benefit:** - The fundamental service or benefit that the customer is really buying. Core product focuses on what the product means to a customer not for the producer.
- 2. Basic product:** - this is the second level that the product planning turns the case product into a tangible product quality features models etc...
- 3. Expected product:** - at this level, a set of attributes and conditions will be prepared e.g. Hotel guests expect a clean bed working lamps and silence.
- 4. Augmented product:** - at this level it includes additional benefits and services that meet customer's desire beyond their expectation; for example a hotel can augment its products by including a remote control television set, fresh flowers etc...
- 5. Potential product:** - this level encompasses all the augmentations and transformations that the product might ultimately undergo in the future.

2.3. 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 went into 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 has five distinct stages.

2.3.1 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 feature or accessory that is in the introduction stage. Strategy for entry stage; in the management of product life cycle, a crucial question concerns the timing to enter 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 proved that there is a viable market. (Etzel and others, 1999:200).

Kumar and Mittal (2001: 170) one of the crucial decisions 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 chooses one of the following pricing strategies.

- **Market skimming;** the skimming strategy involves 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.

2.3.2 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).

2.3.3 Maturity

During the first part of the maturity stage, a sale continues to increase but at a decreasing rate because competitor will spread over the market and profit of producers and middlemen decline, the primary reason is intense price competition so seek to differentiate themselves price competition so seek to differentiate themselves with new or improved version of their primary brand (Etzel, 2004:243).

2.3.4 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.

2.4. Stages in the New Product Development Processes

As per author Eztel, (2006:290) guided by a company's new product strategy, a new product best developed through a serious of eight stages. Thus at each stage management must decide whether to produced to the next stage abandon the product, or seek additional information where each stages has been labeled differently with respect to the company's now product process.

2.4.1 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 and 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 cannot be at least alleviated. Because of the probabilistic nature of new product development, planning and assessments must consider long-term repercussions.

2.4.2 Idea Screening

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

2.4.3 Concept Development and Testing

When the idea moves past the screening step, it is evaluated more carefully. Getting reaction from customers about how well a new product idea fits their need. Concept testing uses marketing research, such as, ranges from informal focus groups to formal surveys 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 McCarthy, 1999: 284).

2.4.4 Marketing Strategy Developments

After testing the new product, a preliminary marketing strategy will be developed for introducing the new product into the market.

The marketing strategy plan consists of three parts. The first part describes the target market size, structure and behavior. The planned product positioning, and the sales market share, and profit goals sought in the first few years.

The second part of the marketing strategy outlines the product's planned price distribution strategy and marketing budget for the first year. The third part of the marketing strategy plan describes the long run sale and profit goals and marketing- mix strategy overtime.

2.4.5 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 conducted 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 assessed 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).

2.4.6 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.

2.4.7 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.

2.4.8 Commercialization or Launch

According to ramaswemy, (2002:340) at this stage the company takes the decision to go in for longer. Scale manufacturing and marketing to the product. If gets to this stage only when all the previous steps provide favorable signals. At this stages, the company fully if self to commercialize the new product with the required investment in manufacturing and market.

2.5. Product Development Adoption and Diffusions

The adoption process is the set of successive decisions on individuals person or organization makes before accepting an innovation. And diffusion of new product is the process by which an innovation spreads through a social system over time. By understanding this process an organization can gain in to how a product is not accepted by prospective customer. (Kotler, 2003:123)

2.6. Stages in Adoption Process

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

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

2.6.2 Interest- The consumer seeks information about the product.

2.6.3 Evaluation- The consumer considers whether trying the new product makes sense.

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

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

2.7. 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).

2.8. Adoption Categories

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 fewer prices 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 averse, technology shy, and price sensitive.
- **Laggards** are tradition bound and resist the innovation until the status quo is no longer defensible.

2.9. Reason for new-product practices failure

According to Kotler and Keller (2012: 570) products 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.

2.10. Customer Services

One effective strategy used in differentiating an offer from that of the competitors, is to excel in delivering quality service to the customer. One hears a lot of take about the firm's goal being to deliver service to the customer "Service before self" is more achieve. That strategy, actions and organization show a half-hearted attempt to give service to customers. More often than not the attempt is to avoid or "Somehow get over" with the customer. In some firms, the finance or manufacturing personnel's focus on cost comes in the way of servicing the customer. However, as a rule, a firm's profits and long term growth comes from providing competitively excellent service to the customer (Sexena, 2004:518)

2.11. Handling Customer Complaints practice

Complaints offer businesses an opportunity to correct immediate problems. In addition, they frequently provided constructive ideas for improving products. Adapting marketing practice, upgrading services or modifying promotional material and product information.

While occasional problems with service of merchandise are to some extent inevitable, dissatisfied customer are not companies can lean to recover from mistakes. A good recovery can turn angry, frustrated customers in to loyal ones.

Recognizing the importance of responding fairly and efficiently to buyer disappointment in the markets place many businesses consumer complaints. Within any industry, those companies with a positive philosophy and a reputation for fair complaint management have a competitive edge. A management philosophy that embraces customer satisfaction as a primary goal of business, instead of defending the company in the face of complaints, can change the rules of the game form companies. It shifts the emphasis from the cost of pleasing a customer to the value of doing so, and trusts front line employee to use their judgment, (<http://www.customer-expressions.com>)

Reference

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CHAPTER THREE

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This Chapter of the research paper focuses on presenting, analyzing, and interpretive of the collected data through questionnaires and interviews.

The information obtained from marketing manager, Employee and final customers of the company are summarized by using descriptive statistics where by raw data is computed in percentages and frequency. The summarized data, then analyzed by applying descriptive analysis method using tables, following detail explanations and finally 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 ELICO of which 210 questionnaires were filled and returned but the remaining 20 questionnaires are not returned, as a result the return rate is 91% also it includes interview with the company's marketing manager and finally the Questionnaires distributed to the employees distributed 7 questionnaire were filled and returned. Therefore, the following analysis was made by taking into insight of those respondents who has filled and returned their responses.

Table 3.1 General Characteristics of Respondents

Item NO.	Item	Description	NO. of Respondents	Percentage (%)
1	Gender	Female	80	37
		Male	137	63
		Total	217	100
2	Age	20-25	66	30
		26-31	87	40
		32-37	31	14
		38-43	21	10
		More than 44	12	6
		Total	217	100
3	Education	12 the Complete	41	19
		Diploma	81	37
		Degree	72	33
		Masters and above	23	11
		Total	217	100
4	For how long have you been customers of ELICO's product?	Less than 1 years	113	54
		2 – 4 years	87	41
		5 – 7 years	10	5
		8-10 years	0	0
		More than 11 years	0	0
		Total	210	100

As it is illustrated in the figure 3.1 item number 1 out of 217 respondents, 137 (63%) respondents participated in this study were male and the remaining 80 (37%) were female. This implies that the dominant users of the company's product are male.

As it can be depicted from table 3.1 item number 2 shows that 87 (40%) of the respondents lay in the age of 26-31, 66 (30 %) respondents are in the age of 20-25, both respondents in the age of 32-37, 31 (14%) respondents and 21(10%) 38-43 the remaining 12 (6%) of the respondents lay at the age greater than 44. This implies that must the company products users are the youngsters.

With regard to Educational background of the respondents as it is presentation table 3.1 item number 3 from the total number of 217 respondents, 81 (37%) respondents are Diploma holders, 72 (33 %) are 1st degree holders, 41 (19%) are in the 12th complete and the rest 23(11 %) respondents have Masters and above. This implies that most of the respondents are in the Diploma level and first degree level so that they can easily understand and fill the questionnaire prepared for this study.

In the same table 3.1 item number 4 which tell about for how long have the respondents being customer of ELICO new product. 113(54%) have been customers of the company for less than one year, 87(41%) have been customers for 2-4 years and the other 10 (5 %) respondents are customer of the company for 8-10 years. From this analysis we can observe (understand) that must as ELICO's Customers are new users of the company's products.

Table 3.2 Customers Observation on ELICO’s New Product Development Cope up with the Present Technology.

Item NO.	Item	Scale	NO. of Respondents	Percentage
1	Since you become customer of ELICO’s have you ever seen any improvement on its product?	Yes	79	38
		No	131	62
		Total	210	100
2	If your answer is “No” in what aspect? (You can choose more than one answer from the given option).	Attractive Color	35	27
		Design	13	10
		Price	43	33
		Durability	40	30
		Other	0	0
		Total	131	100
3	How do you rate the Design of the ELICO’s New product with present technology?	Very high	0	0
		High	19	9
		Neutral	30	14
		Low	103	49
		Very Low	58	28
		Total	210	100

As illustrated in table 3.2 item numbers 1 from the total 210 respondents, 131 (62%) respond that there is no improvement and the rest 79 (38%) answered there is improvement. This implies that majority of the respondents believe that there is no improvement on the company’s product.

In the same table 3.2 item numbers 2 which request in what aspect that the company's product is improved. From the total number of 131 respondents, 35(27%) believed that there is improvement on the color, 13(10%) reply the improvement is on design, 43 (33 %) respondent improvement on the price on the shoes, and the rest 40(30 %) respondents answered there is improvement on the Durability of the product. According to the respondents response the company mostly improve the Durability of the shoes in comparison to the other options.

As it is shown from item 3 of table 3.2 respondents were asked about the design quality of ELICO product, in this regard, 103 (49%) of the respondents rated it is low, 58 (28%) of them rated as very low, 19 (%) rated is as high and the rest 30 (14%) becomes neutral. This shows that majority of the respondents (77%) believe that ELICO's Product have low design quality.

Table 3.3 Customers compliant Handling

Item NO.	Item	Scale	NO. of Respondents	Percentage
1.	How do you evaluate ELICO's customers complain handling?	Very good	6	3
		Good	11	5
		Neutral	67	32
		Poor	67	32
		Very poor	59	28
		Total	210	100
2	Do you have any complain on ELICO's product?	Yes	151	72
		No	59	28
		Total	210	100
3	If your answer is "Yes" to the above question what do you think is the major problem of ELICO's new product to meet your expectation (You can choose more than one answer from the given option)?	Not knowing what customer need	27	18
		Lack of quality	18	12
		No variety color	21	14
		Poor of design	85	56
		Other	0	0
		Total	151	100

As it is shown from table 3.3 item number 1 the respondent were asked to evaluate the ELICO'S customer complain handling, in this regard 6(3%) of the respondent rated very strong, 11 (5%) of the respondent rate strong, 67(32%) rated weak, 67 (32%) of the respondent remained neutral and 59(28%) of the respondent rated very weak. This shows that ELICO's customers handling system is very weak.

As it is illustrated on table 3.3 item number 2 respondents were asked the question “do you have complain on ELICO products” in this regard from the total respondents, 151 (72 %) of said Yes, 59(28 %) responded said No. This implies that most of the respondents have made complaints on the product.

As it is indicated from item 3 of the same table, from the total respondents who have said yes, 81 (56%) have made complain on the products poor design, 21(14%) have made complain on its Lack of variety color, 21(14 %) have made complain on the company’s no variety color, and 27(18%) have made complain on Not knowing what customer need. Information gathered from interview states that the company handles customer compliant about product development like designing, finishing, fashinated, quality’s and colors. If the complaint gets to the sales supervisor or senior management they will try to give a response to the customer. The analysis from table 3.3 item no. 3 implies that majority of the respondent 81(56%) responded there complain on the poor design. This shows that the products of ELICO lack attractive designs.

Table 3.4 Customers satisfaction

Item NO.	Item	Scale	NO. of Respondents	Percentage
1.	How is your level of satisfaction towards ELICO's new product?	Very good	0	0
		Good	19	9
		Neutral	30	14
		Poor	70	33
		Very poor	91	44
		Total	210	100
2.	How do you evaluate the quality of ELICO's product?	Very good	57	27
		Good	43	20
		Neutral	73	35
		Poor	37	18
		Very poor	0	0
		Total	210	100
3	Did the new products of ELICO's match with your preference or expectation?	Yes	76	37
		No	134	63
		Total	210	100
4	If your answer is "No" to the above question what do you think is the major problem of ELICO's new product to meet your expectation (You can choose more than one answer from the given option)?	Lack of quality	6	4
		Lack of finishing	34	26
		Poor design	68	51
		Poor color	26	19
		Total	134	100
5	To what extent do you evaluate the new Product Development of fascinated design product of ELICO's?	Very good	8	4
		Good	15	7
		Neutral	43	20
		Poor	60	29
		Very poor	84	40
		Total	210	100

As shown in the table 3.4 item numbers 1 presents a data on level of satisfaction towards ELICO's new product. Out of 210 respondents 91 (44%) responded said low, 70 (33 %) answered good, 30 (14 %) replied medium, while the rest 19 (9 %) of respondents have answered very good. The result shows that most respondents have low level of satisfaction on ELICO new product.

As it is indicated in table 3.4 item number 2 respondents were asked their opinion about the quality of ELICO products Out of the total respondents, 73(35%) responded medium, 57 (27 %) said excellent, 43 (20 %) answered very good, and the rest 37(18 %) of respondents have answered good. This implies that the quality of ELICO product maintain the standard.

As it is illustrated on the table 3.4 item number 3 there is a question that addresses weather are not ELICO new products meets customer preference/expect action in the regard 134 (64 %) of the respondents said No, 76 (36 %) respondents say Yes. This implies that most of the respondents or final customers of the company expectation were not addressed.

Item 4 of table 3.4 Presents the by the company new products from the total respondents who have said that their expectation was not addressed and recognized a complaint to be made, 63 (51%) have made complain on the products poor design, 34(26%) have made complain on its Lack of finishing, 26(19 %) have made complain on the company's poor color choosing, and 6(4%) have made complain on less number of customers on the problem of good quality. Therefore, it can be conclude from the majority of respondents have made complaints on the poor design and finishing offered by the company, in addition to week the company's ability of offering different color shoe product with different quality shoes.

In the table 3.4 item numbers 5 from the collected data regarding to the respondents evaluate about the new product development of finishing shoe of ELICO. Out of 210 respondents 84(40%) responded poor, 60 (29 %) said good, 43 (20 %) answered medium, 15(7%) responded very good, while the rest 8(4 %) of respondents have answered excellent. Based on the data collected from the respondents, the student researcher observes that the new product development of fascinated design of ELICO product is not preferable. Therefore, it can be inferred from the above table that the majority of respondents have made complaints on the poor design and finishing offered by the company. And also the company more focuses on customer need and concept development. Gathering Information is more important on what the customer want to purchase and this gives power for the company facilitates their Production based on the customer need.

Table 3.5 Customers Observation on ELICO’s New Product Development expectation and satisfaction

Item NO.	Item	Scale	NO. of Respondents	Percentage
1	How do you evaluate the new Product development ELICO’s finished shoes?	Very good	0	0
		Good	17	8
		Neutral	46	22
		Poor	35	17
		Very poor	112	53
		Total	210	100
2.	What Comes in Your mind when you think of ELICO’s Company’s Shoe product?	High quality	42	20
		Price	58	28
		Durability	83	39
		Design	27	13
		Total	210	100

As it is illustrated on the table 3.5 item number 1 the respondents have evaluated the new product development on ELICO product from the total respondents of 210 respondents, 112(53%) responded poor, 46 (22 %) said medium, 35 (17 %) answered good, while the rest 8(4 %) of respondents have answered very good. The data collected from the respondents implies that the new product developments of ELICO product are not preferable by the customer.

In the table 3.5 item numbers 2 questions what they think about the product of ELICO, out of 210 respondents 83(39%) responded Durability, 58 (28%) said price, 42 (20%) answered High quality, while the rest 27(13%) of respondents have answered poor design. This Implies that majority of the respondent 83 (39%) agreed their thought on ELICO's product focus on durability of the products.

Table 3.6 Employee Observations on the Strategy and convince Showrooms

Item NO.	Item	Scale	NO. of Respondents	Percentage
1.	How Your Shops and Showrooms are convenient to the customers and retailers?	Very Convenient	6	86
		More/less Convenient	1	14
		Inconvenient	0	0
		Total	7	100
2.	To what extent your customers order a new product to your company?	1 months	1	14
		6 months	3	43
		1 Years	2	29
		2 Years	1	14
		3 Years and above	0	0
		Total	7	100
3.	Do you follow steps of product development process for the design of new product?	Yes	7	100
		No	0	0
		Total	7	100
4	If your answer is “yes” to the above question what are these steps that you apply in product development? (You can choose more than one answer from the given option)?	Idea Generation	5	21
		Idea Screening	3	13
		Concept Development and Testing	2	8.5
		Marketing Strategy Developments	3	13
		Business Analysis Product	2	8.5
		Product development	4	19
		Market Test Development	2	8.5
		Commercialization or Launch	2	8.5
		Total	23	100

In the first item of the above table 3.6 questions about How Your Shops and Showrooms are convenient to the customers and retailers 6(86%) are Convenient while the rest 1(14%) are More/less Convenience. Inform this many of the respondents believe that the show rooms are more convenient.

As illustrated in the table 3.6 item number 2 the which Questions about To what extent your customers order a new product to your company, out of 7(100%) respondents 1(14%) have been replied less than 1 month, 3(43%) helped 6 months, 2(29%) of the respondent replied 1 year and the other 1(14%) respondents replied 2 years. This shows that 43% agree that customer order new product within the time interview of a year. Most

In the same table 3.6 item numbers 3 do you follow steps of product development process for the design of new product. All of the respondents 7 (100%) believe that the company follows the stapes of product development process to design a new product.

In the same table 3.6 item numbers 4 focus on the importance of training are takes from a total 7(100%) respondents (21%) of the respondents answered Idea generation, (13%) of the respondents answered Idea screening, (8.5%) of the respondents answered concept development and testing, (13%) of the respondents answered marketing strategy development, (8.5%) of the respondents answered business analysis,(19%) of the respondents answered product development ,(8.5%) of the respondents answered market test development and (8.5%) of the respondents answered commercialization or launch. This implies that a high percent of respondents answered idea generation so the company focused on eight stage of product.

Table 3.7 Employee Observations on Getting Training

Item NO.	Item	Scale	NO. of Respondents	Percentage
1	Have you ever been taking any training related to work?	Yes	6	86
		No	1	14
		Total	7	100
2	How much time intervals to get the training?	3 months	1	14
		6 months	0	0
		9 months	1	14
		1 Years	2	29
		It's not convenient	3	43
		Total	7	100
3	What area of importance do you get from this training?	To improve quality of the product	4	57
		To better the design of the product	1	14
		Understand and work with new technology development	2	29
		To improve the color and size of product	0	0
		Total	7	100

As illustrated in the table 3.7 item number 1 questions if the employees ever take work related training, from the 7(10%) respondents 6(86%) of the respondents said yes 1(14%) of the respondents replied No. This implies that most of the respondents agreed the company employees have been take work related training.

In the same table 3.7 item numbers 2 time intervals of a training are takes from a total 7(100%) respondents 1(14%) of the respondents rate in 3months, 1(14%) of the respondents rates in 9months, 2(29%) of the respondents rates in

1 year and 3(100%) the respondents answered it's not convenient. This impels that training time interval are not known (determined).

In the same table 3.7 item numbers 3 questions on the importance of the training and out of the a total 7(100%) respondents 4(57%) of the respondents answered on the importance of training to improve the quality of product, 1(14%) of the respondents replied on its important in to better the design of product, 2(29%) of the respondents answered on the significance of training to understand and work with new technology. This shows that the training important for the improvement of the product quality.

CHAPTER FOUR

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This Chapter of the research paper Presents summery, conclusion and recommendations of what has been studied so far.

4.1 Summary of Major Finding

- Among 210 respondents which were part of the study the majority of them are males (62%) while the rest being females. This implies that male who consume ELICO have the majority participation than female in this study.
- From the respondent's response more than half of the respondents are youngsters which mean that youngsters have more participation in this study and also, it shows that this study includes fewer participants in the age above 44. Majority of the respondents were in Diploma and Degree level, also regarding to the occupation part students are the highest participant of this study they cover 46 % from the total respondents.
- In terms of how long the respondents being customer of ELICO products, the majority of the respondents have been customer of the shoe manufacturer for less than one year implying most of the respondents are new customers of ELICO.
- In terms of the improvements made on ELICO products the majority of respondents believe that there is no improvement on the company's products. However, they do believe that some changes were made to increase the durability of the products.

- The result also showed that most respondents should their dissatisfaction on the design of ELICO Product which they do not find it attractive and appealing as a design to wear it. However in terms of quality the shoe is considered positively by respondents.
- In the issue of evaluating the quality of ELICO products most of the respondents have bad attitude on it. Hand in hand to this the greater part of respondent believed that the company's design is not attractive enough and concerning the taste of the new product more than half (164) of them replay they did not prefer the product by its taste.
- In terms of the new product development in finishing the products of ELICO, the respondents regarded the finishing overly as poor in which they did not find the finishing of the products very attractive.
- From the employee response the company does not follow every step of new product development while designing its new product for the market.

4.2 Conclusion

Based on the findings and summary pointed out above, the following conclusions are drawn in the research:

- The improvement made by ELICO in the product manufacturing is poor citing and as a result this company failed to make any kind of improvement on the products regarding to taking in consideration of the customers need it makes.
- The ELICO products are not good enough and lack requirements that are needed from buyers in some aspects. In terms of the design and finishing, the products are not attractive and stylish enough it does not encourage buyers to choose the product.
- According to the customers though the ELICO products (shoes) still need improvement regard market completion with other local shoes manufactures.
- From the viewpoint of customers, ELICO produces and launches product with little consumer's needs and wants. Moreover, the products that are launched to the market by the company have failed in matching the expectation of final customers.
- The durability and quality of the products made by ELICO is found to be good enough by users of the product which shows that ELICO has strong capability in producing durable products even though the design of the shoes is still not attractive enough.
- The level of satisfaction for ELICO product is quite low citing that the users are not quite satisfied by the manufactured products as the company at all.

- The respondent also pointed out that ELICO's capability regard to cope up with technological change and adoptive new products development strategy lay on a question.
- From the Employees response the company does not follow every step of new product development while designing its new product from the market.

4.3 Recommendation

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

- Identify the target market for each of its shoes product and identify what it is required to incorporate in the manufactured product so that it can offer a targeted product for each market segment. A company offer a product to the market in order to satisfy customer need and want and earn a profit because of this reason ELICO 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. It should strive to work in order to increase the design and look of the products so that the marketability of the products can be more strong and competitive in the market.
- ELICO 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.
- The company should try to 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.

- The company should consider the external source in generating ideas get adequate data that is important in developing new product or improving one existing products. In doing so the company should include professionals while screening the collected ideas to reduce or minimize the errors (go error and no go error).

APPENDIX I

St. Mary's University

Business Faculty

Department of Marketing Management

Questionnaire to be filled by Final Customers of ELICO's plc.

This questionnaire is prepared by prospective graduate of St. Mary's university in the field of marketing management. This study entails to assess the new product development practice of ELICO. Therefore, you are selected to fill this questionnaire because student researchers have full trust on you to get complete and real information that are required for this research. The response that you provide will be used only for academic purpose. Thank you for your cooperation.

Notice;

- It is not necessary to write your name.
- Please put "√" mark on the space provided.

I. General information

1. Gender

- A. Male B. Female

2. Age

- A. 20-25 C. 32-37 E. More than 44
B. 26-31 D. 38 - 43

3. Education Background

- A. 12th Complete C. Degree
B. Diploma D. Masters and above

4. For how long have you been customer of ELICO's Shoes?

- A. Less than 1 yrs C. 5 - 7 yrs
B. 2 - 4 yrs D. 8-10 yrs E. more than 11 yrs

II. Questions related to new product development in ELICO.

1. Since you become customer of ELICO's have you ever seen any improvement on its Product?
A. Yes B. No
2. If your answer is "No" in what aspect? (You can choose more than one answer from the given option).
A. Attractive color C. price
B. Design D. Durability
E. If other please specify it-----
3. How is your level of satisfaction towards ELICO's new product?
A. Excellent C. Medium E. Poor
B. Very Good D. Good
4. How do you evaluate the quality of ELICO's product?
A. Excellent C. Medium E. Poor
B. Very Good D. Good
5. How do you rate the Design of the ELICO's new product with present technology?
A. Very High C. Neutral E. Very Low
B. High D. Low
6. How do you evaluate ELICO's Customer handling?
A. Very Strongly C. Neutral
B. Strong D. Weak E. Very Weak
7. Did the new products of ELICO's Match with your preference or expectation?
A. Yes B. No

8. If your answer is "No" to the above question what do you think is the major problem of ELICO's new product to meet your expectation (You can choose more than one answer from the given option)?

- A. Lack of Quality C. poor Design
B. Lack of finishing D. poor color

9. Do you have any complain on ELICO's product?

- A. Yes B. No

10. If your answer is "Yes" to the above question what is most of your complains about (you can choose more than one)?

- A. Not knowing what customer need C. No Variety color
B. Lack of quality D. Poor of design
E. If there is other please specify it -----

11. To what extent do you evaluate the new Product Development of fascinated design products of ELICO's?

- A. Excellent C. Medium E. Poor
B. Very Good D. Good

12. To what extent do you evaluate the new Product development ELICO's Finished product?

- A. Excellent C. Medium E. Poor
B. Very Good D. Good

13. What Comes in Your mind when you think of ELICO's Company's Shoe product?

- A. High quality C. Durability
B. Price D. Design

14. If you have any suggestion you can contribute for the improvement of existing product please specify on the place provided _____

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APPENDIX II.
St. Mary's University
Business Faculty
Department of marketing Management
Interview checklist

Interview with Marketing Manager of ELICO.

The main objective of the interview is trying to assess the product development of ELICO. I kindly request your cooperation in answering the following questions.

Thank you!

1. What kind of strategies does the company implement in order to create new products?
2. Does the company have marketing information system?
3. How do you measure the effectiveness of your newly developed products?
4. Do you think that you have skilled manpower among the departments of production and designers?
5. Do the designers have any opportunity of Training, seminars and workshops which is provided by the company?
6. How do you select target customers?
7. How do you handle customer's complaint regarding to your product, design, quality, color etc...?
8. Are you closely monitoring the technological change in your area of operation?

APPENDIX III.

St. Mary's University

Business Faculty

Department of marketing Management

Interview with Employee of ELICO.

The main objective of this questionnaire is trying to assess the product development of ELICO. I kindly request your cooperation in answering the following questions.

Thank you!

I. Questions related to new product development in ELICO.

1. How Your Shops and Showrooms are convenient to the customers and retailers?
A. Very Convenient B. more/less convenient C. inconvenient
2. To what extent your customers order a new product to your company?
A. 1 months C. 1 years E. 3 years and above
B. 6 months D. 2 years
3. Do you follow steps of product development process for the design of new product?
A. Yes B. No
4. If your answer is "Yes" to the above question what are these steps that you apply in product development indicate the steps you apply? (You can choose more than one answer from the given option)?
A. Idea Generation
B. Idea Screening

- C. Concept Development and Testing
 - D. Marketing Strategy Developments
 - E. Business Analysis
 - F. Product Development
 - G. Market Test
 - H. Commercialization or Launch
5. Have you ever been taking any training related to work?
- A. Yes B. No
6. How time intervals to get the training?
- B. 3 months C. 9 years E. It's not covenant
- B. 6 months D. 1 years
7. What area of importance do you get from this training?
- A. To improve quality of the shoes
- B. To better the design of the shoes
- C. Understand and work with new technology development
- D. To improve the color and size of shoes

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