

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

AN ASSESSMENT OF NEW PRODUCT DEVELOPMENT
IN THE CASE OF AMBO MINERAL WATERS

BY

ASHENAFI DERIBA

JULY2014

SMU

ADDIS ABABA

AN ASSESSMENT OF NEW PRODUCT DEVELOPMENT
IN THE CASE OF AMBO MINERAL WATERS

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APPROVED BY THE COMMITTEE OF EXAMINERS

Department Head

Signature

Advisor

Signature

Internal examiner

Signature

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CHAPTER ONE

INTRODUCTION

1. 1 Background of the Study

A new product can be defined as any product that is new in nature and form that is intended for a certain target market. Developing new products that will succeed in the marketplace goes way beyond simply coming up with a great new idea, a great new invention, or a great new design. (Robin Karol, Beebe Nelson: 2007).

New Product development can be associated with the company's strategic planning and implementation. Current trends in globalization have made the competition for scarce market share fierce. There are two ways in which a company can gain competitive advantage, the first is by doing internal analysis and the second is by doing external environment analysis, both methods can be used to develop a new product but the method which is more prone to succeed is the external environment analysis because any project concerning new product development should start with need assessment which is a precursor of external environment analysis.

Developing a new product can be considered as a project thus it originates from need identification. Although companies can't create need, they can create want by producing better quality with lesser price and keeping their competitive advantage but in most companies, especially in most companies in Ethiopia producing a new product is becoming a trend, for instance in the past brewery companies sold the same bottled beer for a considerably long period but now as more and more companies are being established and as the competition is getting fiercer sitting idle is no longer an option thus there is a need for continuously developing a new product. A good example of creating want is apple Inc.

The requirements for New Product Development success are the following: meet the needs of potential customers, use technology that your company has access to or can develop, attract customers by being different from competitors' products. Designed so that you can manufacture, package, ship, enhance or be consistent with your company's brand image, be promoted by a good marketing campaign and provide a good return on your company's investment.

Ambo Mineral Water has been bottled and marketed since 1930 and is considered the market leader in Ethiopia.

The source of Ambo Mineral Water is a thermo-mineral spring, rich in natural calcium, magnesium, potassium, bicarbonates and carbon dioxide. The water originates in a volcanic fissure which then percolates through mountainous terrain eventually being tapped at the springs in Ambo Senkele, 130 km from Addis Ababa, capital city of Ethiopia.

These springs are located on the cross roads of an ancient, major trade route, and have been revitalizing travelers, traders, nomads, soldiers and settlers from the beginning of humankind.

Ambo comes from the Ethiopian highlands, a unique part of the world. It is recognized as the leading beverage of Ethiopia, a true 'Ethiopian Icon'. It is popularly consumed during and after meals as a digestive, also popularly consumed as a thirst quenching 'soft-drink' or as a discerning mixer.

The growing demand for Ambo both locally and abroad has resulted in new investments in capacity and packaging variations. Our product and pack range has been extended to include convenience packaging in plastic bottles, as well as new products, 'Ambo lite' (lower carbonation and mineralization) and 'Ambo flavored water' (Orange, Apple, Pineapple, Lemon-lime).etc.

1.2 Statement of the Problem

According to Robin Karol and Beebe Nelson(2007) a new product is any product that is new in nature and form that is intended for a certain target market. In the development process of a new product just because there is an idea for something new it doesn't mean that it should automatically be translated into a product. (Robin Karol, Beebe Nelson: 2007).

The process of developing a new product is fairly complicated because it consists of the integration of most if not all the work force in the company. As it will be mentioned in this research every new product development process should start with need identification because without the need there won't be any market.

As it is put in the book new product development (NPD) for dummies, an idea should go from product possibility to market reality. In this same book the NPD process is sequenced respectively: Discovering the opportunity, developing the product and launching the product

This process can only be successful with the systematic integration of all the functional groups within the organization: Marketing, research and development, Manufacturing, packaging and distribution. Not involving every functional group could open a gap for new product failure.

The focus of this research is on Jiva Juice which is a new product from Ambo Mineral water. Ambo is a popular drink in Ethiopia and had a significantly great market share but the recent entry of new soft drink brands and bottled water has seen the decline of Ambo's market share. Jiva Juice was the company's means of regaining that market share but it can't be said that the company has succeeded. When the researcher decided to embark on this research he did a preliminary research and that preliminary research shows that the reason for the failure of Jiva Juice is poor or inadequate marketing research, to elaborate more, since the purchase of Ambo Mineral Water S.C by foreign investors the company has put up several new products in the market like the Ambo flavor, relatively the Ambo flavor was a success but Jiva was not because they simply decided to introduce Jiva to the market because they had prior success with this product in Ghana. This shows that the company didn't conduct a thorough market research on Ethiopia's consumers.

1.3 Research Questions

This research tried to answer the following questions:

1. What is the basis for new product development in the company?
2. What are factors that affect the new product development in the company?
3. What functional groups does the company involve in the new product development process?
4. How is the target market selected?
5. How does the company assess whether the new product has addressed the target market or not?

1.4. Objective of the Study

1.4.1 General Objective

The general objective of this research is to assess the new Product Development Practice of Ambo Mineral water.

1.4.2 Specific Objectives

The specific objective of this research is find out

- To determine the factors that affect new product development in the company
- To know the basis for new product development
- To indicate the involvements of each functional group in the NPD process
- To measure the success level of the New product
- To know whether the new product has met its target or not

1.5 Significance of the Study

This study helps the company being researched identify their gap in their new product development process and make amendments in them and to help the company discover new ways to develop their product (from a marketing perspective). It is useful for future researchers who'd want to conduct research on a similar topic. It is an additional research for the University's research pool and finally it is considered as a partial fulfillment for a BA in Marketing Management for the student researcher.

1.6 Scope of the Study

This study will take into account every functional group which is involved in the NPD process and also wholesalers and retailers but due to company confidentiality the researcher will give more emphasis on the level of customers' expectation and satisfaction of the new product.

The researcher considers the performance of the product for the last two and a half years because it was around the time when the product was first launched. For the sake of convince the retailers for this research will be chosen at random in and around Addis Ababa. The customers to be considered for this research will also be chosen from in and around Addis Ababa along with the retailers.

1.7 Research Design and Methodology

1.7.1 Research Design

This research like so many social science researches is a descriptive type of research and endeavors to describe the limitations of the NPD process at Ambo Mineral water specifically Jiva Juice which was first launched in 2011.

1.7.2 Data Collection

The main data was collected from retailers and customers in Addis Ababa because the customers and retailers are the ones close enough to evaluate the success or failure of a certain product because any product is meant for making profit for the retailer and maximize utility for the customer.

1.7.3 Population and Sampling Technique

The focus of this research was on Jiva Juice and the market it was intended to address. To address this, this research took a total of 100 respondents out of which 50% is from retailers and the rest from willing customers.

The research uses non probability sampling because the population is not defined or can't be listed. The researcher used convenience sampling because the availability of respondents are out his control.

1.7.4 Types Data Collected

For this research both primary and secondary data were used in order to make the research more substance and sustainability.

A. Primary Data

Primary data will be collected by means of questionnaires and interviews

Questionnaire

It will be highly improper to use questionnaires to address customers because their low probability that they would response to such methods because a customer wanting to buy refreshment may not have the time or interest to fill in lengthy questionnaires so this method will only be employed for the functional groups of the organization which are the marketers, research and development, Manufacturing, packaging and distribution. And much shorter questionnaires will be used to address customers and retailers.

Interview

This method is more appropriate for retailers and customers so Interview will be the major means of primary data collection especially for retailers because retailers have the time and tendency to answer short question from any by passer or customer, after all they spend most of the day in their shop.

B. Secondary Data

The secondary sources of data could be from sources like: Books, Journals from the internet, internal publications like brochures and pamphlets.

1.7.5 Methods of Data Analysis

This research used mixed method to analyze the data. The analysis of the interview and questionnaire is conducted using quantitative methods meaning percentage. While the secondary data collected was analyzed using qualitative methods, specifically narrative analysis. Furthermore the analysis for this research was conducted by SPSS V16 software which was especially used to analyze the data obtained by questionnaires.

1.8 Limitation of the Study

This study could have been better if the company could have been cooperative on some of the details which the researcher requested. The lack of proper response from both customers and retailers have been a problem and most of all not returning the questionnaires in the requested time were the limitations.

1.9 Organization of the Study

The study was organized in to four chapters. The first chapter includes the introduction part or proposal. The second chapter views the different literatures. The third chapter consists of the major presentation, analysis and interpretation of the data collected. Finally in chapter four the summary of findings, conclusion and recommendation of the study were made.

CHAPTER TWO

LITERATURE REVIEW

2.1 Definition of Concepts

“A firm can obtain new products through: **Acquisition** refers to the buying of a whole company, a patent, or a license to produce someone else’s product. **New product development** refers to original products, product improvements, product modifications, and new brands developed from the firm’s own research and development.” (Kotler and Armstrong, 2009)

“Developing new products that will succeed in the marketplace goes way beyond simply coming up with a great new idea, a great new invention, or a great new design. Developing successful new products is a complex job that comes with many tasks and many responsibilities. And how many different people, with how many different skills, do you need to accomplish the tasks? How about inventors, scientists, designers, and engineers? And manufacturers, marketers, and sales people? How about heads of businesses and functions and people with finance and legal expertise? Maybe we should also include suppliers and partners, and what about customers, and . . . well, you get the idea. Instead of a village, “it takes a company to develop new products . . .” Oh my! It’s no wonder that so many companies find it hard to be successful at developing new products. In this chapter, we give you the general requirements for new product development (NPD) success, and we look at a map of the processes that you can take on your NPD journey. We identify the players in your company who have important roles in the NPD drama. Finally, we review what role you, our faithful reader, play in your company and what that means for your NPD participation. (Robin Karol and Beebe Nelson 2007).

The first definition of new product development classifies it in two. Both methods are used in the contemporary world to penetrate the market with a new product. One recent acquisition I remember is the purchase of Nokia by Microsoft. Analysts are making comments about this being a smart move for Microsoft because instead of coming out with a smart phone and introducing it as a new product purchasing an already established brand and selling on that is the better alternative. The second definition broader and gives a general idea of what new product development is and the need for it.

2.1 New Product Development Process

Different authors give similar perspective on new product development process so I would like show how a new product can succeed and how they fail.

The Requirements of NPD Success

Over the years, product developers have come up with a pretty good list of what new products need to do to succeed at NPD. They need to

_ **Meet the needs of potential customers.** This is probably the most important item on the list. If you haven't identified your potential customers, and if you don't understand their needs, the rest of this list won't do you much good.

_ **Use technology that your company has access to or can develop** Peter Carcia at Polaroid used to warn his teams not to design products that required "transparent aluminum." Don't limit yourself to your existing resources. Have an aggressive program of technology development and technology outsourcing and/or acquisition.

But don't fool yourself into thinking that you can develop products that require miracles in the course of development (even minor ones!). (Robin Karol and Beebe Nelson 2007).

_ **Attract customers by being different from competitors' products.**

What's worse than spending six months or two years working on a product only to find that it's a me-too? Be sure you know who your competitors are and what they're up to, and be sure that you understand your customers well enough to produce a product that will delight them more than your competitors' products do.

_ **Be designed so that you can manufacture, package, ship, and/or service them.** Long ago — not any more, we hope — engineers used to consistently design products that manufacturers couldn't build.

Successful product developers "design for X" by including manufacturers, distributors, and so on in the early conversations and the ongoing work of product design and development.

_ **Enhance or be consistent with your company's brand image.** The best product with the wrong brand is the wrong product. Your products reflect on your brand, and your brand reflects on your products, and if they don't enhance each other they may play take away. If you've got a great product that doesn't square with your brand, maybe your company needs a second — or fourth or fifth — brand. (Robin Karol and Beebe Nelson 2007).

_ Be promoted by a good marketing campaign

Don't make the marketing campaign an afterthought.

Provide a good return on your company's investment. This is where the rubber hits the road in terms of judging the success of a product. Product development teams and business leaders can make this outcome far more likely by taking the new product's business case very seriously and doing what's needed to make sure the product hits its goals. Having a successful new product from time to time isn't enough. New product development is a core competency of the company that takes resources and generates revenue. To build its competence at NPD, your company must

_ Develop employees who can make sure your new products meet all the requirements in the previous list, and a little more.

_ Assign its scarce resources to projects that are most likely to succeed.

_ Ensure that new product projects and business functions within the company support each other as much as possible. (Robin Karol and Beebe Nelson 2007).

Reasons for new product failure could be overestimation of market size, Poor design, Incorrect positioning, wrong timing, and priced too high, ineffective promotion, management influence, high development costs, and competition.

Idea Generation

New idea generation is the systematic search for new product ideas.

To create a large number of ideas

Sources of new-product ideas

Internal sources refer to the company's own formal research and development, management and staff, and intrapreneurial programs.

External sources refer to sources outside the company such as customers, competitors, distributors, suppliers, and outside design firms

Idea Screening

Idea screening refers to reviewing new-product ideas in order to drop poor ones as soon as possible. (Kotler and Armstrong 2009)

Concept Development and Testing

Product idea is an idea for a possible product that the company can see itself offering to the market.

Product concept is a detailed version of the idea stated in meaningful consumer terms.

Product image is the way consumers perceive an actual or potential product.

Concept testing refers to testing new-product concepts with groups of target consumers. To find out how attractive each concept is to customers, and choose the best one. (Kotler and Armstrong 2009).

The above two give contrast of what new product development process is and the reasons why a new product succeeds or not. They are complementary to each other.

2.3 Marketing Strategy Development

Marketing strategy development refers to the initial marketing strategy for introducing the product to the market.

Marketing strategy statement

Part 1:

Description of the target market

The planning product positioning; sales, market share, and profit goals

Part 2:

Price distribution and budget

Part 3:

Long-term sales, profit goals, and marketing mix strategy

Business Analysis

Business analysis involves a review of the sales, costs, and profit projections to find out whether they satisfy the company's objectives.(Kotler and Armstrong 2009)

Product development involves the creation and testing of one or more physical versions by the research and development or engineering departments. - Requires an increase in investment

Test Marketing

Test marketing is the stage at which the product and marketing program are introduced into more realistic marketing settings.

Test marketing provides the marketer with experience in testing the product and entire marketing program before *full introduction*.

When firms test market: *New product with large investment; Uncertainty about product or marketing program*

When firms may not test market: *Simple line extension; Copy of competitor product; Low costs; Management confidence*

Approaches to test marketing: Standard test markets, controlled test markets and simulated test markets

Standard test markets

Small representative markets where the firm conducts a full marketing campaign

Uses store audits, consumer and distributor surveys, and other measures to gauge product performance

Results are used to:

Forecast national sales and profits

Discover product problems

Fine-tune the marketing program (Kotler and Armstrong 2009)

Challenges of standard test markets: cost, time, competitors can monitor the test as well, competitor interference and competitors gain access to the new product before introduction

Controlled Test Markets

Panels of stores that have agreed to carry new products for a fee

Less expensive than standard test markets

Faster than standard test markets

Competitors gain access to the new product

Simulated Test Markets

Events where the firm will create a shopping environment and note how many consumers buy the new product and competing products

Provides measure of trial and the effectiveness of promotion, researchers can interview consumers, advantages of simulated test markets, less expensive than other test methods

Faster

Restricts access by competitors

Disadvantages of simulated test markets

Not considered as reliable and accurate due to the controlled setting (Kotler and Armstrong 2009)

As you have noticed so far Kotler's and Armstrong's way is a bit straight forward. New product development shouldn't stop at the manufacturing level, what good is a new product if it's not salable? In the previous section I've quoted that new product development process starts with need assessment but this doesn't mean the product will hit its target market, that's why a sound marketing strategy is needed. The continuity of the process should be insured by further analysis of the market and its constituents.

2.4 Moving from Product Possibility to Market Reality

Although it's true that every new product starts with an idea, not every idea ends up in the market. The most successful companies start by exploring many different opportunities and coming up with many different options.

You want to make sure that among these options are ideas for products that will appeal to customers, sell in large markets, and take advantage of the latest technologies.

When we go through the product development map in the sections that follow, we say “start here” and “go there” as if we were playing a board game.

In this game, though, you can start anywhere and go anywhere. If you just picked up this book and you’re in the middle of a new product development project, you can skip to the part that addresses what you’re doing.

In the sections that follow, we take a quick look at the three major territories of the NPD landscape.(Robin Karol, Beebe Nelson: 2007)

2.4.1 Discovering Opportunities

In the NPD process (refer to the Cheat Sheet for a handy illustration of the process), we call the place where you find product opportunities the “ocean.”

The ocean of new product opportunity is nearly limitless because constant change opens up new vistas. Think of the changes you’ve seen just in the past ten years. New technologies, new markets, and new products have enabled people to dive deeper and voyage wider into the resourcefulness and creativity of the human race.

Exploring the ocean of opportunity gives you (and your new product team) the information you need to develop your company’s strategy for new product development. By identifying market and technology opportunities, you can focus your development efforts on the most promising ideas and avoid the traps and dead ends. And by reviewing your current product lines, you know whether to direct NPD projects to improve offerings in your existing product lines or develop wholly new products or product lines.(Robin Karol, Beebe Nelson: 2007)

2.4.2 Launching the Product

Your development team has spent months, maybe years, anticipating this moment — the moment when your new product launches from the protected environment of the team atmosphere into the wide world of the marketplace.

In some companies, moving a product from development into the market is called “crossing the valley of death.” Why? Because many new products fail at this point. To avoid launch failure, you need to plan for the launch throughout the development process instead of waiting for when your product is nearly ready for the market.(Robin Karol, Beebe Nelson: 2007)

2.4.3 Marketing

Success in new product development depends in large measure on how well you understand the market, including the following:

- _ The existing markets for your products
- _ How your markets are growing or shrinking
- _ What new markets you may be able to enter
- _ What your competitors are doing in the marketplace

The marketing function in a large company, along with market research, may be responsible for collecting and managing market knowledge. In a small company, one person may be most interested in the market. But here’s the thing: Understanding the market isn’t the same as being good at selling in it.

Your company, big or small, and your new product development team need to develop a deep appreciation for your customers and your markets. And your marketers must be able to communicate their knowledge to others with whom they share the responsibility for developing new products.(Robin Karol, Beebe Nelson: 2007)

2.4.4 Research and Development (R&D)

Research and development is where many of your scientists and engineers live. Members of the R&D department contribute their understanding of technology to the company’s product development efforts. Much of what your

R&D experts know is pretty arcane (like that word, which means mysterious, deep, esoteric!).

Successful product developers make sure that their scientists and engineers work with others to share their knowledge and to understand how it relates to what the other functions know and do. This type

of collaboration and sharing needs to happen in all the parts of the product development landscape. Technologists can be very perceptive during customer visits. They also have the best understanding of existing and emerging technology. Members of R&D on an NPD team are likely to offer suggestions about technology innovations or technology tweaks or that may just provide a competitive leap forward as your new products meet their competition.(Robin Karol, Beebe Nelson:2007)

2.4.5 Manufacturing

The role of manufacturing in NPD is to make the product concept a reality.

Within this role, manufacturing has the following tasks:

- _ Ensuring that the company's manufacturing capabilities and infrastructure are adequate to produce the new product
- _ Deciding what parts of production the company may need to outsource
- _ Managing the supply chain for the new product

Your manufacturing function must be able to produce as much of the product as you think you can sell, at the expected quality and performance. Therefore, members of this function should be involved in the development process from the very beginning. Include them when you visit customers to understand customer needs. Not only are their insights different from the insights of individuals in other functions, but they also have a much better idea of what it takes to put products into production. (Robin Karol and Beebe Nelson 2007).

The above quote gives broader detail as to the need and the process of marketing while integrating it with the NPD process.

2.4.6 Service

Some of the new "products" that companies create are actually services.

Airlines, for example, distinguish themselves on the services they offer. So do hotels, restaurants, and companies that deliver your packages overnight to anywhere in the world. The people in your company who design and market services should take the lead in developing services. However, when the product a company creates is a product, companies may make the mistake of paying little

attention to service. The individuals in your company who are responsible for providing service should be integral parts of the new product effort whenever a product entails aftermarket service.

Integrating service into the NPD process can alert product developers to new opportunities and help them avoid costly mistakes. For example, an NPD team that includes a member from the service function is less likely to design a product that's overly hard to service. Integrating service into development also can help NPD teams think about installation and repairs — whether these are the responsibility of the customer or of your company, and how expensive they should be (the easier and cheaper, the better for everyone).(Robin Karol, Beebe Nelson:2007)

2.4.7 Packaging

Packaging impacts your new product's attractiveness on a store shelf, a computer screen, or in any other place customers are likely to find and buy it.

Your new product's attractiveness — and often the size and shape of the final package — sometimes impact a store's willingness to stock it. Here's a bottom-line way to perk up management: How much it costs to ship your new product depends, in part, on its packaging. And the cost of shipping impacts the final price, which impacts everything! Our point? Involve your packaging function early in the development process.

The members of the function can help the team understand the preferences of retailers and wholesalers; they can help influence product design to simplify packaging; and they can participate in consumer preference tests

At the end of the process, the packaging of your product often is the first impression your product makes. Use the resources of your packaging department to make it a good one. (Robin Karol and Beebe Nelson 2007).

So far it has been about developing and selling the product but in order to have an effective marketing distribution plays an irreplaceable role.

2.4.8 Distribution

The four Ps of marketing include product, pricing, promotion, and *place*. Your new product won't sell unless you distribute it to places where customers can buy it. A company's distribution and

channel strategy shapes the choices that are open to the NPD team. Does your company sell through one of the “big box” stores? Do you offer products through catalogues or on the Internet?

Is your distribution through dealers or distributors? Which of the existing routes will the NPD team choose to get its product out? Or will it try to carve out a new route? The distribution function should be involved in the product development process to make sure your NPD team understands the distribution options so it can get the new product out in front of an eager audience. (Robin Karol and Beebe Nelson 2007)

Remark: Several authors in this field suggest different strategies of developing a new product but the following the most popular and widely used and by several authors I mean Philip Kotler, Gary Armstrong, SweenHoonAng, Chin Tiong Tan Robin Karol and Beebe Nelson.

2.5 New-Product Development Strategies

1. **Customer-centered new product development**
2. **Team-based new product development**
3. **Systematic new product development**

✓ **Customer-centered new-product development** focuses on finding new ways to solve customer problems and create more customer satisfying experiences

Begins and ends with solving customer problems

The most successful new products are ones that are differentiated

✓ **Sequential new product development** is a development approach where company departments work *individually* to complete each stage of the process before passing along to the next department or stage: increased control in risky or complex projects; slow – *not good!*

✓ **Team-based new-product development** is a development approach where company departments work closely together in cross-functional teams, overlapping in the product-development process to save time and increase effectiveness.

- increase tension and confusion
- is faster and more flexible

✓ **Systematic new product development** is an innovative development approach that collects, reviews, evaluates, and manages new product ideas.

- Creates an innovation-oriented culture
- Yields a large number of new-product ideas (Kotler and Armstrong 2009)

New product development process should be continuous. The need of customers is never ending thus when the needs change a certain company should adapt practices which are suitable for the needs of customers. A product has its own life cycle, it's introduced, it booms and gradually the need for it dies.

2.6 Product Life-Cycle Strategies

Product life-cycle (PLC) is the course that a product's sales and profits take over its lifetime.

Product development, introduction, growth, maturity, decline

Product life-cycle (PLC) can describe a product class, a product form, or a brand (Kotler and Armstrong 2009)

Product classes have the longest life cycles, with sales of many product classes in the mature stage for a long time.

Product forms have the standard PLC shape: introduction, rapid growth, maturity, and decline.

Brands have changing PLCs due to competitive threats.

Introduction stage is when the new product is first launched.

Takes time, slow sales growth, little or no profit, high distribution and promotion expense

Growth stage is when the new product satisfies the market.

Sales increase, new competitors enter the market, price stability or decline to increase volume, consumer education, profits increase, promotion and manufacturing costs gain economies of scale, product quality increases, new features new market segments and distribution channels are entered

Maturity stage is a long-lasting stage of a product that has gained consumer acceptance.

Slowdown in sales, many suppliers, substitute products, overcapacity leads to competition and increased promotion and R&D to support sales and profits (Kotler and Armstrong 2009). It is at the maturity stage that companies usually consider modifying their strategies.

- a. Market modifying**
- b. Product modifying**
- c. Marketing mix modifying**

2.6.1 Market modifying is when a company tries to increase consumption of the current product (New users; Increase usage of existing users; New market segments)

2.6.2 Product modifying is changing characteristics (quality, features, or style) to attract new users and to inspire more usage.

2.6.3 Marketing mix modifying is when a company changes one or more of the marketing mix elements which are price, promotion and distribution channels

2.6.4 Decline stage is when sales decline or level off for an extended time, creating a weak product.

Maintain the product without change in the hope that competitors leave the industry

Reposition or reformulate the product in hopes of moving back into the growth stage

Harvest the product that means reducing various costs and hoping that sales hold up

Drop the product by selling it to another firm or simply liquidate it at salvage value (Kotler and Armstrong 2009)

It's at the decline stage that companies consider developing another new product so the cycle continues.

In conclusion, new product development is a continuous process in a company. It is only a question of time before a certain product of a certain company dies, like I've quoted in the literature review a company may try to improve the product and re-enter the market but it is not a permanent solution, the solution, as the reader may depict from this literature review is to assess the needs of the customer and come up with a new product.

CHAPTER THREE

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

In the previous two chapters I have tried to cover the basic idea and purpose of the research and the literature review to give a highlight on the subject under study. This chapter is the analysis of data which is collected by means of questionnaires and interview. I will use statistical analysis for the data which is obtained from questionnaires and narrative analysis for the data which is obtained from interview.

The analysis is divided into two sections, the first section will be the analysis of data which is obtained from retailers and the second section will be the analysis of data which is obtained from customers. Equal amounts of questionnaires were collected from both parties. Interview was conducted with the marketing manager of Ambo mineral waters; narrative analysis was used to analyze the answers that were provided. The major analysis tool used is SPSS V16 which was helpful especially for quantitative analysis of data collected from questionnaires.

The statistics that is employed for this analysis is percentage. All of the collected questionnaires from retailers were satisfactory while those collected from customers had missing elements, to mitigate this error a second round of questionnaire were dispersed.

3.1 Analysis of Data from customers

3.1.1 Background of the respondents

Table 1: Background of the respondents

Items	Variable	No of respondents of employees	Percent
Gender	Male	28	54
	Female	22	46
	Total	50	100
Age	18-30	17	34.0
	31-40	29	58.0
	41-50	4	8.0
	Total	50	100
Education	Up to grade 8	1	2
	Up to grade 10	5	10
	Certificate	44	88
	Total	50	100

From the background of the respondents it can be inferred that 54% (28) of them are male while 46% (22) are females. This implies that most of the respondents are males which were pure luck because questionnaire for customers were dispersed at random.

Regarding their age 34% are between the ages of 18 and 30, 58% of them are between the ages of 31 and 40 and the rest (8% of them are between the ages of 41 and 50. This shows that the majority of the respondents are male and the majority age range is between 31 and 40.

The last criteria used to sought our background of the respondents is education 2% of them have finished up to grade 8, 10% of them have finished up to the 10th grade and the rest (88%) have certificate and above.

3.1.2 Analysis of Response from Retailers

A total of 50 questionnaires were collected from retailers who were fit for full analysis. The analysis is categorized into two tables consisting of 15 questions each. These questions were designed to answer the basic research questions.

Table 2: analysis of response from retailers

Questions	Response	Frequency	Percent	Total
Where you involved in need assessment study	Yes	0	0	100
	No	50	100	
Who are your biggest market segments	Middle aged	0	0	100
	Senior Citizens	0	0	
	Other	0	0	
	All	0	0	
	Young people	32	60.4	
	Young adult	18	39.6	
Where you made aware of the target market the company had intended	I was	0	0	100
	I wasn't in the business	0	0	
	I wasn't	50	100	
Do you think that the advertisement of the company was sufficient	It is	23	49.1	100
	I haven't heard of any advertising	0	0	
	It isn't	27	50.9	
Is the labeling on the product sufficient	Yes	44	83.0	100
	No	0	0	
	Indifference	6	17	
Have you observed any visible improvements on the product since it was first launched	Yes I have	5	9.4	100
	No I haven't	38	71.7	
	I never gave attention	7	18.9	
Do you think the packaging has an influence on the sales of the product	It has no influence	41	77.4	100
	I has big influence	0	0	
	It has little influence	9	22.6	
In your opinion how much improvement does this product need	Drastic	22	41.5	100
	Little	24	45.3	
	None	4	13.2	
Why do you think customers buy jiva	Because its most available	0	0	100
	Because there aren't better options	0	0	
	Because they prefer it	50	100	
Does Jiva have a better sales volume than other substitutes	There aren't substitutes	0	0	100
	Yes	0	0	
	No	50	100	

The first question in this section is about the need assessment which was conducted by the company 100% of the respondents concluded that they were not involved in any kind of need assessment study conducted by the company. This implies that the company did not conduct need assessment before deciding to launch this product.

The biggest market for this product are the young people with a 60.4% agreement from retailers and the 39.6% of this share goes to young adults. This implies that there isn't much age difference between young people and young adults so this shows that in general this product is barely favored by senior citizens and other age groups.

The retailers unanimously agreed that they weren't made aware of the intended target market. This means the company didn't have an intended target market.

43.4% of the retailers think that the advertisement for this product was sufficient while 50.9% of them disagree to it. This implies that the majority of the retailers aren't satisfied with the company's advertisement efforts.

The labeling on the product is sufficient, this is agreeable to 83% of the respondents while the rest are indifferent to it. This implies that whatever problems Jiva may have, it is not with the labeling.

Visible improvements on the product were observed by 9.4% of the respondents, 18.9% of them never gave attention and 71.7% haven't observed any changes. This implies that as per the response it can be said that the company didn't make much improvement since the first launch of the product.

Packaging of the product has an influence on the sales of the product, this is due to 22.6% of the retailers while 77.4% of them don't think it does. This implies that whatever problems Jiva may have it's not on the packaging.

Jiva needs drastic change this is the view of 41.5% of the respondents and 45.3% thinks it needs little change and the rest (13.2%) don't think it need any changes at all. The first two responses summed up to be 86.8% of the retailers think that the product needs change, this implies that there are problems on the product.

The retailers unanimously agree that customers buy Jiva because they prefer it, this unanimity goes to as to the lower sales volume of Jiva than other substitutes.

The last question, which about sales volume of Jiva has been responded with unanimity or 100% of the respondents say that Jiva doesn't have a better sales volume. This implies that Jiva sales equally if not less than other substitutes.

Table 3 Analysis of response from retailers 2

Questions	Response	Frequency	Percent	Total
Should the company re launch the product	It shouldn't	0	0	100
	It should	16	35.8	
	I can't say	34	64.2	
At what rate did the volume for Jiva decrease over time	At a fast rate	32	60.4	100
	At a slow rate	18	39.6	
	It didn't decline	0	0	
Is Jiva the first choice of customers	Yes	8	20.8	100
	No	42	79.2	
How many substitutes do customers ask for before they buy Jiva	One	33	62.3	100
	Two	10	18.9	
	Three and more	7	18.8	
The company didn't conduct a proper market study before launching the product	Agree	15	28.3	100
	Disagree	2	9.4	
	No opinion	33	62.3	

Despite indication of need for change on this product only 35.8% of the retailers think that the company should re launch the product and 64.2% of them can't say. This implies that most of the respondents think that they are unqualified to answer this question.

The decline in sales of this product was fast, this is in accordance with 60.4% of the respondents but on the contrary 39.6% of them say the decline is at a slow rate, either way this implies that loss of interest of customers on this product.

79.2% of the respondents have said that Jiva is not the first choice of customers while 20.8% of them say it is. This implies that the interest for Jiva has declined.

The loss of interest is yet again seen by the number of substitutes customers ask before buying Jiva 62.3% of the retailers say that they only ask for one substitute, 18.9% of them say they ask for two substitutes and 18.8% of them say that they ask for three and more substitutes. This implies that Jiva is not a first choice for most of the customers.

There are various indications from the above analysis that the company didn't conduct a proper market study before launching the product and yet again 28.3% of the retailers agree, only 9.4% disagree and 62.3% have no opinion on this matter. This implies that most of the respondents think that they are unqualified to answer this question.

Table 4 analysis questions by likert scale

Questions	Response	Frequency	Percent	Total
I think Jiva is well distributed	Strongly disagree	10	18.9	100
	Disagree	24	45.3	
	Natural	11	20.8	
	Agree	4	13.1	
	Strongly agree	1	1.9	
Jiva has higher demand than it's substitutes	Strongly agree	31	58.5	100
	Disagree	12	22.6	
	Neutral	7	18.9	
	Agree	0	0	
	Strongly disagree	0	0	
Jiva sales more than the rest of Ambo's products	Strongly disagree	16	30.2	100
	Disagree	29	54.7	
	Neutral	5	15.1	
	Agree	0	0	
	Strongly agree	0	0	
Customers usually ask for Jiva before anything else	Strongly disagree	10	18.9	100
	Disagree	25	47.2	
	Neutral	6	16.9	
	Agree	9	17.0	
	Strongly agree	0	0	
The taste of Jiva is better than the rest of Ambo's products	Strongly disagree	45	84.9	100
	Disagree	1	1.9	
	Neutral	3	11.3	
	Agree	1	1.9	
	Strongly agree	0	0	
Jiva's unique taste has made it more preferable	Strongly disagree	12	28.3	100
	Disagree	32	60.4	
	Neutral	6	11.3	
	Agree	0	0	
	Strongly agree	0	0	
Jiva has no difference in taste than other substitutes	Strongly disagree	38	71.7	100
	Disagree	4	13.2	
	Neutral	8	15.1	
	Agree	0	0	
	Strongly agree	0	0	

Concerning the distribution of Jiva 45.3% disagree that Jiva is well distributed, 18.9% strongly disagree, 13.1% agree, 1.9% strongly agree and 20.8% are neutral. This implies that the majority of the respondents think that there are problems concerning the distribution of Jiva.

Jiva does not have higher demand than its substitutes because 58.5% of the respondents strongly agree to this statement, while 22.6% disagree and 18.9% are neutral. This implies that Jiva's demand is either on the decline or stagnant.

Jiva does not sell more than the rest of Ambo's products because 30.2% of the retailers strongly disagree, 54.7% disagree and only 15.1% are neutral. This implies that Jiva is inferior than the rest of Ambo's products.

Customers don't usually ask for Jiva because 47.2% of the respondents disagree, 18.9% strongly disagree and only 17% of them agree and 16.9% are neutral. This implies that Jiva is not the first choice for most of the respondents.

The taste of Jiva is better than the rest of Ambo's products, 84.9% of the respondents strongly disagree, 1.9% disagree, 11.3% are neutral and only 1.9% agree. This implies that Jiva is probably the least of Ambo's products.

Jiva's taste be it unique or not did not make it more preferable because 28.3% of the respondents strongly disagree, 60.4% disagree and only 11.3% are neutral. This implies that the statistics compliments the previous question which solidifies that taste is not Jiva's strong side.

Jiva has difference in taste than other substitutes because 71.7% of the respondents strongly disagree to the statement that Jiva has no difference in taste than other substitutes, 13.2% of them disagree and 15.1% are neutral. This implies that most of the respondents believe that Jiva has a taste difference than other substitutes.

Table 5 analysis of questions by likert scale 2

Questions	Response	Frequency	Percent	Total
Jiva tastes bad	Strongly disagree	24	45.3	100
	Disagree	21	39.6	
	Neutral	5	15.1	
	Agree	0	0	
	Strongly agree	0	0	
Customers usually buy it when in cold seasons	Strongly disagree	4	7.5	100
	Disagree	4	7.5	
	Neutral	41	77.4	
	Agree	1	7.6	
	Strongly agree	0	0	
Customers usually buy it in warm seasons	Strongly disagree	8	15.1	100
	Disagree	3	11.3	
	Neutral	39	73.6	
	Agree	0	0	
	Strongly agree	0	0	
Customers are usually reluctant when buying Jiva	Strongly disagree	2	3.8	100
	Disagree	3	5.7	
	Neutral	11	26.3	
	Agree	32	60.4	
	Strongly agree	2	3.8	
My sales volume of Jiva has gradually decreased over time	Strongly disagree	1	5.7	100
	Disagree	4	7.6	
	Neutral	3	7.5	
	Agree	42	79.2	
	Strongly agree	0	0	
I prefer bringing more coca cola than Jiva	Strongly disagree	0	0	100
	Disagree	0	0	
	Neutral	0	0	
	Agree	50	100	
	Strongly agree	0	0	
Customers usually complain about the price of Jiva	Strongly disagree	3	5.7	100
	Disagree	6	16.9	
	Neural	39	73.6	
	Agree	2	3.8	
	Strongly agree	0	0	
The price of Jiva has gradually increased	Strongly disagree	1	1.9	100
	Disagree	2	3.8	
	Neutral	4	13.2	
	Agree	43	81.1	
	Strongly agree	0	0	

Jiva tastes bad, 45.3% strongly disagree, 39.6% disagree and 15.1% are neutral. This implies that despite taste being not a strong side of jiva most of the retailers don't think that it tastes bad, it can be an inference that the problem of Jiva may lie somewhere else than it's taste.

Customers usually buy Jiva in the cold season, this statement was responded to with a majority of neutrality (77.4%) and a minority of agreement (7.6%), disagreement (7.5%) and strong disagreement (7.5%). This implies that most of the retailers don't think that this product is season oriented.

Regarding seasonality of the product 15.1% of the retailers strongly disagree that customers buy Jiva in warm seasons, 11.3% disagree and 73.6% are neutral. This implies that this product is not season oriented.

Regarding the reluctance of customers to buy Jiva 3.8% strongly agree that they are reluctant, 5.7% disagree, 60.4% which is the majority agree, 3.8% strongly agree and 26.3% are neutral. This implies that customers lost interest on the product.

The sales volume of Jiva hasn't gradually decreased for 5.7% of the respondents because they strongly disagree, 7.6% disagree, 7.5% are neutral and majorities of 79.2% agree to the gradual decrease in sales volume. This implies that interest for Jiva has decreased among customers hence the next analysis.

The retailers unanimously agreed that they prefer bringing coca cola than Jiva this implies that there is consistent indication of loss of interest from customers.

Concerning the price of Jiva 73.6% of the retailers are neutral to whether customers complain about Jiva while 5.7% of them strongly disagree about the complaint and 16.9% disagree. This implies that the price of Jiva is not a major problem of the product.

Regarding the increase in price 81.1% of the respondents agree that the price of Jiva has gradually increased, 3.8% disagree, 1.9% strongly disagree and 13.2% are neutral. This implies that there is a gradual increase on the price of Jiva.

3.1.3 Analysis of Response from Customers

A total of 50 questionnaires were collected from customer, the questionnaire consisted of 30 questions which were analyzed in two categories and two tables. There are some missing questions in this section this is due to lack of sufficient response in numbers.

Table 6 Analysis of customer responses

Questions	Response	Frequency	Percent	Total
Is Jiva a better substitute than Coca Cola?	Yes	11	10.8	100
	No	33	83.3	
	They are not substitutes	6	5.9	
How did you hear about Jiva at first	From friends	18	17.6	100
	Radio advertisement	22	72.6	
	TV advertisement	9	8.8	
	Posters	1	1.0	
	Others	0	0	
Have you ever been involved in the company's evaluation for Jiva	Yes	0	0	100
	No	50	100	
Why do you buy Jiva?	Because it's most available	27	77.5	100
	Because I prefer it	13	12.7	
	because it has a unique taste	2	2.0	
	I've stopped buying Jiva	8	7.8	
	Others	0	0	
What do you think about the price of Jiva	Its fair	27	52	100
	Its exaggerated	23	48	
	Its cheap	0	0	

According to a majority response (83.3%) coca cola is not a better substitute of Jiva but 10.8% of the respondents think it is and 5.9% think that there are no substitutes. This implies that the majority of the customers would rather buy Coca cola than Jiva.

The responses show that the company's major advertisement outlet was the radio because 72.6% heard about it on the radio, 17.6% from friends, 8.8% from TV advertisements and 1% from

posters. This implies that the company didn't make adequate use of available advertisement means.

All the respondents (100%) agree that they were not involved in any kind of evaluation the company may have had for this product, this implies that the company didn't involve customers in its evaluation or the company never made proper evaluation for this product.

77.5% of the respondents buy Jiva because it's most available, 12.7% buy because they prefer it, 7.8% have stopped buying this product and only 2% buy it because it has a unique taste. This implies that only a cumulative of 14.7% of respondents buy this product for reason that appreciate the quality of the product which are taste and preference.

The price of Jiva could be considered fair for the 52% of the respondents and it is exaggerated for 48% of the respondents, this implies that the price of Jiva is not the issue for most of the customers.

Table 7 Analysis of Customer Responses

Questions	Response	Frequency	Percent	Total
In your opinion how much improvement does this product need	Drastic	24	75	100
	Little	14	13.7	
	None	5	4.9	
	I have no opinion on the mater	7	6.9	
Have you heard advertisements about this product before it was launched	I did	0	0	
	I didn't	32	56.9	
	I cant recall	18	43.1	
Is the labeling on the product sufficient for you	Yes	12	11	100
	No	4	3.9	
	I never considered	34	85.1	
The packaging of the product is attractive	Strongly disagree	0	0	100
	Disagree	15	39.2	
	Neutral	20	44.1	
	Agree	10	9.8	
	Strongly agree	5	4.9	
Do you think the company did a good job advertising the product	Yes	16	40.2	100
	No	21	45.1	
	I have no opinion on the matter	13	12.7	
Have you observed any visible improvements on the product since it was first launched	Yes a few	8	7.8	100
	No none	19	44.15	
	Neutral	23	48.05	
Do you think the company shouldn't have launched this product	Its should have waited	4	4	100
	It was the perfect timing	6	6	
	I don't think I'm qualified to answer	40	90	
Do you prefer Jiva because of the plastic packaging	Yes	25	55.4	100
	No	14	44.6	
I buy jiva because it's more satisfying than it's substitutes	Strongly disagree	18	43.1	100
	Disagree	17	42.2	
	Neutral	13	12.7	
	Agree	2	2.0	
	Strongly agree	0	0	
I buy Jiva because it's cheaper	Strongly disagree	10	9.8	100
	Disagree	14	39.2	
	Neutral	12	11.8	
	Agree	14	39.2	
	Strongly agree	0	0	

The majority of the customers (75%) think that Jiva needs drastic change, 13.7% think it needs little change and a minority of 4.9% say it doesn't need any change at all, the rest (6.9%) have no opinion on the matter. This implies that most of the respondents believe that Jiva needs drastic change.

Majority of the respondents (56.9%) haven't heard any sort of advertisement before the launch of the product while 43.1% don't remember. This implies that the company didn't have any pre-launch advertisements for this product.

The labeling of Jiva is not seen as a flaw because 85.1% have never considered it, 3.9% think it's sufficient but 11% think it's not. This implies that the majority of the respondents never consider the labeling of this product.

The packaging of the product is attractive 39.2% disagree, 44.1% are neutral, 9.8% agree and 4.9% strongly agree. This implies that the neutral rate is higher than the rest of the responses so it can easily be said that most of the customer didn't give emphasis on the packaging of the product.

Concerning the advertisement of this product 45.1% of the customers don't think that the company did a good job advertising the product, 40.2% disagree and 12.7% don't have any opinion on this matter. This implies that most of the customer either not satisfied with the advertisement of the company or they are indifferent.

The second majority of the respondents (44.5%) haven't observed any visible changes on this product since it was first launched, 7.8% have observed a few and 48.05% are neutral. This implies that most of the respondents are not conscious to any changes on the product, the second majorities are conscious but they haven't seen any, only a few minority have said they've seen changes on the product.

As for the timing of the launch of this product 4% of the respondents think it should have waited. 6% think it was the perfect timing and 90% of respondents don't think they're qualified to answer. This implies that although timing is important most of the respondents either don't think they're qualified or they think it was good timing. So we can say that the product's fault is not on the timing of the launch.

The majority of the respondents (55.4%) prefer Jiva because of the plastic packaging and 44.6% don't. This implies that Jiva's problem is not on packaging.

I buy Jiva because it's more satisfying than its substitutes, this statement is strongly disagreed by 43.1% of the respondents, disagreed by 42.2% and agreed upon only by 2% while the 12.7% of the respondents are neutral. This implies that customer's satisfaction level by Jiva is very low.

The price of Jiva is not a major determinant in the preference of because 9.8% of the respondents strongly disagree that they buy Jiva because it's cheaper, 39.2% disagree, 11.8% are neutral and only 39.2% agree. This implies that the price of Jiva is not a major determinant in preference.

Table 8 Analysis of Customer responses 2

Question	Response	Frequency	Percent	Total
I buy Jiva because it's readily available	Strongly disagree	9	8.8	100
	Disagree	12	37.3	
	Neutral	20	45.1	
	Agree	9	8.8	
	Strongly agree	0	0	
Jiva is a better product than the rest of Ambo's Products	Strongly agree	18	43.1	100
	Disagree	17	42.2	
	Neutral	15	14.7	
	Agree	0	0	
	Strongly disagree	0	0	
Jiva needs much improvement	Neutral	17	42.15	
	Agree	33	57.85	
I only buy Jiva when nothing else is available	Strongly disagree	0	0	100
	Disagree	0	0	
	Neutral	18	43.1	
	Agree	32	56.9	
	Strongly agree	0	0	
Jiva should be a first choice than any other substitute	Strongly disagree	14	39.2	100
	Disagree	24	49	
	Neutral	12	11.8	
	Agree	0	0	
	Strongly agree	0	0	

I buy Jiva because it's readily available, this statement was responded to by 8.8% strong disagreement, 37.3% disagreement, 45.1% neutrality and only 8.8% agreement. The highest number shows neutrality this implies that the availability of Jiva has little to do with it's need from customers.

The respondents think that Jiva is not better than the rest of Ambo's products or they have no opinion about it because 43.1% of them strongly disagree that Jiva is a better product than the rest of Ambo's products, 42.2% disagree and the rest are neutral. This implies that Jiva is not better than the rest of Ambo's products.

Jiva needs improvement because 57.85% of the respondents agree that Jiva needs much improvement while the 42.15% are neutral about it. This implies that most of the respondents think that Jiva needs much improvement.

Most of the customers (56.9%) buy Jiva when nothing else is available while the rest are neutral or they don't give that much thought when buying Jiva. This implies that jiva is not a first choice for most of the customers.

39.2% of the respondents strongly disagree that Jiva should be a first choice than any other substitute, 49% disagree and the rest are neutral this implies that a general disagreement on this statement which means most of the customers ask for other substitute before asking for Jiva.

Table 9 Analysis of customer responses 3

Question	Response	Frequency	Percent	Total
There is no substitute for Jiva	strongly disagree	12	11.8	100
	Disagree	21	46	
	Neutral	17	42.1	
	Agree	0	0	
	Strongly agree	0	0	
Jiva has a unique taste	Strongly disagree	9	8.8	100
	Disagree	11	23.55	
	Neutral	11	23.55	
	Agree	19	44.1	
	Strongly agree	0	0	
Jiva is the least preferable of Ambo's products	Strongly disagree	0	0	100
	Disagree	0	0	
	Neutral	25	50	
	Strongly agree			
	Agree	25	50	
Jiva is the most preferable of Ambo's products	Strongly disagree	17	42	100
	Disagree	9	8.8	
	Neutral	24	49	
	Agree	0	0	
	Strongly agree	0	0	
Jiva is no different than the rest of Ambo's products	Strongly disagree	27	52	100
	Disagree	14	39.2	
	Neutral	9	8.8	
	Agree	0	0	
	Strongly agree	0	0	

Jiva should re enter the market with better taste	Strongly disagree	0	0	100
	Disagree	0	0	
	Neutral	16	41.2	
	Agree	34	58.8	
	Strongly agree	0	0	
My interest in Jiva has steadily declined	Strongly disagree	0	0	100
	Disagree	0	0	
	Neutral	16	41.2	
	Agree	21	46.1	
	Strongly agree	13	12.7	
Nowadays I don't buy Jiva at all	Strongly disagree	17	42.2	100
	Disagree	20	45.4	
	Neutral	5	4.9	
	Agree	8	7.8	
	Strongly agree	0	0	
There is nothing I can think of that could make me buy Jiva	Strongly disagree	10	9.8	100
	Disagree	15	40.2	
	Neutral	8	20.55	
	Agree	9	8.8	
	Strongly agree	8	20.55	
The reputation of Jiva has been damaged so Ambo should come up with another new product	Strongly disagree	4	3.9	100
	Disagree	17	41.7	
	Neutral	13	25.2	
	Agree	14	26.2	
	Strongly agree	3	2.9	

There is no substitute for Jiva, 11.8% strongly disagree to this statement, 46% disagree and 42.1% are neutral. This implies that most of the customers think the premise to be false.

Jiva has a unique taste, only 44.1% of the respondents agree to this statement while 8.8% strongly disagree, 23.55% disagree and the rest are neutral. This implies that there is little agreement for Jiva having a unique taste.

An equal (50%) response was given to the statement: Jiva is the least preferable of Ambo's products. 50% agreement and 50% neutrality, not having any strongly disagree or disagree

answers this implies that the customers don't think Jiva to be a better product than the rest of Ambo's products.

Only 49% of the respondents were neutral to Jiva being the most preferable of Ambo's products 8.8% disagree and 42% strongly disagree, this is an implication of Jiva not being preferable not even amongst the rest of the company's products.

Jiva is no different than the rest of Ambo's products, was responded to by 52% strong disagreement, 39.2% disagreement and 8.8% neutrality. This is an implication of Jiva's uniqueness than the rest of Ambo's products but unique does not necessarily mean better.

Most of the respondents are with neutral or agree that Jiva should re-enter the market with a better taste, 41.2% neutral and 58.8% agree, this implies that most if not all of the customers are satisfied with the current state of the product.

The interest for Jiva has steadily declined for most of the customers because 46.1% agree, 12.7% strongly agree and 41.2% are neutral. This implies that interest in Jiva has steadily declined,

Even though previous analysis indicate that interest for Jiva has decreased the responses for the statement: Nowadays I don't buy Jiva at all was responded to 42.2% strong disagreement, 45.5% disagreement, 4.9% neutrality and only 7.8% agreement. This implies that even though interest for Jiva has decrease customers haven't completely stopped buying it.

There is nothing I can think of that could make me buy Jiva, this statement was responded to with 9.8% strong disagreement, 40.2% disagreement 20.55% neutrality, 8.8% agreement and only 20.55% strong agreement. This implies that despite the loss of interest by most customers there are still some reasons to buy Jiva.

The last statement for this category is the reputation of Jiva has been damaged so Ambo should come up with another new product was responded to 3.9% strong disagreement, 41.7% disagreement, 25.2% neutrality, 26.2% agreement and only 2.9% strong agreement. This is an implication of a general disagreement that the reputation of Jiva has been damaged so most customers don't see the need to change the brand name.

Since the privatization of Ambo Mineral waters the company has tried to launch various new products, for this particular research Jiva was launched based on prior experience in Ghana. This is not the appropriate assumption to launch a new product, the consumers in Ghana quite

different from the consumers in Ethiopia. This shows that the company's basic assumption was wrong from the beginning.

The primary motive of the company is to satisfy the need of customers while making a marginal profit. This is the right motive for any company but it is impossible to satisfy the need of the customers while not knowing what those needs are.

The company involves every functional group within the company while developing a new product, these functional groups consists of Marketing, Production, Operations and Logistics and distribution. Of course it takes the capabilities of all these constituents to effectively produce a new product, in the regard of functional group it can be said that the company is using the appropriate means to achieve its end but this doesn't mean it will necessarily achieve its end.

The target market selection for this product wasn't done at all because the reply from the Marketing head of the company was that they intended this product for every type of consumer, which is a broad array to cover and almost impossible to evaluate and control.

The company is planning to re-launch Jiva, the interviewee said that Jiva did well in its initial launch but there are some aspects of the product which the company would like to improve (these aspects were not made clear because they're regarded as company secret). This time around the company assumes that there's need for an improved Jiva which the customers agree as well and its hoping to create the need or develop the market as well.

The major factors that affect the NPD process are the involvement and capability of the functional groups. A fault in one functional group could have devastation effect.

Success of a new product is measured by the sales volume and demand but as the marketing Manager said, you're only as good as your competition. So the company also measures success on how the product performs against competitors.

The time frame the company uses to declare a certain product a success or a failure is not well defined according to the response from the Marketing Manager a certain new product is pilot tested from three to six month by offering free tasting at concerts and different events, if after six month of trial the company believe the product ready, it will be launched.

Chapter Four

Summary, Conclusion and Recommendation

In this chapter the data which was presented, analyzed and interpreted will be summarized. The previous chapter consisted of the analysis of both customers and retailers responses, in this chapter conclusions and recommendation will be given based on the major findings.

4.1 Summary of major findings

- Concerning the sex of the respondents most of them were male 54%(28) which is pure chance because the respondents were chosen at random
- The majority of the respondents were in the age of 31 to 40.
- Majority of the respondents are certificate and above holders.
- No respondent was involved in the company's need assessment, which shows that the company didn't make need assessment.
- In general terms the biggest market for this product are young people and young adults which implies that the company should have made them a target market and make a need assessment before launching the product.
- When it comes to advertisement the company did a poor both by the retailers view and the customers view alike because 50.9% of the retailers agree.
- Labeling and packaging of Jiva has little to do with decline for the product's need because the majority of the responses concerning labeling and packaging was neutral from both retailers and customer, this is an indication that both parties have little concern for the labeling and the packaging.
- Both the majority of the retailers (71.7%) and majority of the customers (48.05%) of the customer have seen either little or no change on the product since it was first launched.
- As for changes need on this product majority of both retailers (86.8%) and customers (75%) think that the product needs change, this is also support by the marketing manager of the company who had mentioned that the company is planning on making some improvements on the product.
- The retailers unanimously agreed that customers buy Jiva because they prefer it while only 2% of the customers buy it because it's more satisfying than its substitutes. Which is a poor sign of preference level and a contradiction of reply from the two parties.

- The demand for Jiva is not higher than its substitutes because 79.2% of the retailers agreed to it. This is considered a failure by the company because the Marketing Manager had mentioned that success of a new product is measure by its demand.
- The taste of Jiva doesn't make it preferable than its substitutes because 84.9% of the respondents strongly disagree to the statement. Which can considered as another failure because taste should have been a distinction of the product.
- The price of Jiva is not the factor that has made the product decline in sales volume because 73.6% of the respondents are indifferent about the price.

4.2 CONCLUSION

According to the analysis conducted we can conclude that this product was set to fail from the start because the company didn't start from need assessment and didn't clearly define the target market. Having an ambiguous target market made it difficult to conduct the need assessment and follow up on the market.

The major factors that affect the NPD process in the company are the involvement of the functional groups and their capabilities to perform to come up with the desired outcome. In this regard the company has little or no problems because even if it's hard to say they all succeeded the company did come with various new products but again this doesn't mean they've all failed too.

The functional groups which involve in the NPD are the ones which should be involved; these are the Marketing, Production, Operation, Distribution and logistics. The role of every functional group mentioned is imperative in making NPD successful, again in this regard the company made the right choice but this is not the only factor that can determine the success of the new product.

The target market for this product was too general hence making it impossible to perform the needed market study and analysis. Not clearly defining the target market was one of the biggest mistakes the company made.

The assessment of whether the product has addressed the target market or not is difficult in this case because like it's mentioned above the company doesn't have a well-defined target market.

4.3 Recommendation

In accordance with the major findings and conclusion the student researcher has made the following recommendations.

According to the major findings and conclusion the failure of the company initially came from not conducting a need assessment for this product. What the company should do is base a product on a need; this can be done by conducting a thorough marketing research and proper market selection.

Besides not conducting the need assessment, not defining the target market has had severe consequences on this product. I recommend that the company define a target market and channel their advertisement, packaging and marketing efforts towards that target market.

Generally I recommend that the company focus on making young people and young adults their target market because they are the ones who consumes beverages such as Jiva in relatively large amounts. Based on the defined market the company should make need assessment regarding taste of the product. This can be done by selecting a different groups of customers and study their taste preference. Pre- launch advertisement of a product is also important in rousing customer's curiosity and anticipation of the new product. This can mostly be done by posters and fliers. While involving functional groups in the NPD process the company should clearly asses the contribution and suitability of each functional group because all the faults found on Jiva are emanated from the marketing section.

Appendices

Appendix A

St Mary's University

Faculty of Business

Department of Marketing Management

Questionnaire to be filled by Retailers of Jiva Juice

This questionnaire is prepared by the graduating student of St. Mary's University in the field of Marketing Management for which it will be considered as a partial fulfillment for a BA degree in this field. This questionnaire is prepared to assess the new product development process of Ambo Mineral Water therefore it will serve as a primary data collection tool for this process.

The validity of your response has a very impact on the quality of this senior essay due to this reason I would like to ask with due respect that you give your response as truthfully as possible and please note that this questionnaire will solely be used for academic purposes and finally I would like to extend my thanks in advance for your cooperation.

Background of the respondent

1. Length of year in this business _____
2. Capital _____
3. Number of shops _____
4. Number of distributions per week _____

1 = Strongly Disagree	2 = Slightly Disagree
3 = neither Agree nor Disagree	4 = Slightly Agree
5 = Strongly agree	

Note: tick the one you choose.

1. Where involved in the company's need assessment processes before the launch of the product?
Yes No I wasn't in this business when it was pilot tested
2. Who are your biggest market segments?
Young people Middle Aged young adults senior citizens
Others All
3. Where you made aware of the target market the company had intended?
I was I wasn't I wasn't in this business when it was pilot tested
4. Do you think that the advertisement of the company sufficient?
It is it isn't I've heard of any advertisement
5. Is the labeling on the product sufficient?
Yes No Indifferent
6. Have you observed any visible improvements in the product since it was first launched?
Yes I have No I haven't I never gave it attention
7. Do you think the packaging has an influence on the sales of the product?
It has not influence It has little influence it has a big influence
8. In your opinion how much improvement does this product need?
Drastic little none
9. Why do you think customers buy Jiva?
Because it's the most available because they prefer it because there are no better options
10. Does Jiva have a better sales volume than other substitutes?
Yes No there are no substitutes for Jiva
11. Should the company re launch the product?
It should It shouldn't I can't say
12. At what rate did the sales volume for Jiva decrease over time?
At a fast rate at a slow rate It didn't decrease
13. Is Jiva a first choice for customers?
Yes No
14. How many substitutes do customers ask for before they buy Jiva?
One Two Three and more
15. The company didn't conduct a proper market study before launching the product.
Agree Disagree No opinion

Questionnaires for retailers	1	2	3	4	5
16. I think Jiva is well distributed					
17. Jiva has higher demand than it's substitutes					
18. Jiva sales more than the rest of Ambo's products					
19. Customers usually ask for Jiva before anything else					
20. The taste of Jiva is better than the rest of Ambo's products					
21. Jiva's unique taste has made it more preferable					
22. Jiva has no difference in taste than other substitutes					
23. Jiva tastes bad					
24. Customers usually buy it when in cold seasons					
25. Customers usually buy it in warm seasons					
26. Customers are usually reluctant when buying Jiva					
27. My sales volume of Jiva has gradually decreased over time					
28. I prefer bringing more coca cola than Jiva					
29. Customers usually complain about the price of Jiva					
30. The price of Jiva has gradually increased					

Appendix B

St Mary's University

Faculty of Business

Department of Marketing Management

Questionnaire for Customers

This questionnaire is prepared by the graduating student of St. Mary's University in the field of Marketing Management for which it will be considered as a partial fulfillment for a BA degree in this field. This questionnaire is prepared to assess the new product development process of Ambo Mineral Water therefore it will serve as a primary data collection tool for this process.

The validity of your response has a very impact on the quality of this senior essay due to this reason I would like to ask with due respect that you give your response as truthfully as possible and please note that this questionnaire will solely be used for academic purposes and finally I would like to extend my thanks in advance for your cooperation

Background of the respondent

1. Date _____

2. Gender: Male Female

3. Age: 18-30

31-40

41-50

>50

1 = Strongly Disagree

2 = Slightly Disagree

3 = neither Agree nor Disagree

4 = Slightly Agree

5 = Strongly agree

4. Highest Education level achieved

Note: tick on your answer

- Up to grade 8

- Grade 10

- Certificate

- Diploma and above

1. Is Jiva a better substitute for Coca cola?
Yes No they are not substitutes
2. How did hear about Jiva at first?
From friends radio advertisement tv advertisement Posters
others
3. Have you ever been involved in the company's evaluations for Jiva?
Yes No
4. Why do you buy Jiva?
Because it's the most available because I prefer it because of its
unique taste others I've stopped buying Jiva
5. What do you think about the price of Jiva?
It's fair It's exaggerated It's cheap
6. In your opinion how much improvement does this product need?
drastic little none I have no opinion on the matter
7. Have you heard advertisements about this product before it was launched?
I did I didn't I can't recall
8. Is the labeling on the product sufficient for you?
Yes No I haven't considered it
9. The packaging of the product attractive.
I strongly agree I strongly disagree neutral I agree I disagree
10. Do you think the company did a good job advertising the product?
Yes No I have no opinion on the matter
11. Have you observed any visible improvements on the product since it was first
launched?
I have observed a few I have observed none I'm neutral
12. Do you think the company shouldn't have launched this product?
It should have waited It was a perfect timing I don't think I'm
qualified to answer
13. Do you prefer Jiva because of the plastic packaging?
Yes No I never thought about it

Questions for customers	1	2	3	4	5
14. I buy Jiva because it's more satisfying than it's substitutes					
15. I buy Jiva because it's cheaper					
16. I buy Jiva because it's readily available					
17. Jiva is a better product than the rest of Ambo's products					
18. Jiva needs much improvement					
19. I only buy Jiva when nothing else is available					
20. Jiva should be a first choice than any other substitute					
21. There is no substitute for Jiva					
22. Jiva has unique taste					
23. Jiva is the least preferable of Ambo's products					
24. Jiva is the most preferable of Ambo's products					
25. Jiva is no different than Ambo's products					
26. Jiva should re enter the market with a better taste					
27. My interest in Jiva has steadily declined					
28. Nowadays I don't buy Jiva at all					
29. There is nothing I can think of that could make me buy Jiva					
30. The reputation of Jiva has been damaged so Ambo should come up with another new product					

Appendix C

St. Mary University

Faculty of Business

Department of Marketing Management

Interview questions for Marketing executives at Ambo Mineral Water S.C

1. What are the criteria you consider before deciding to develop a new product?
2. Do you use need assessment or do you focus on creating demand?
3. What's your primary motive for developing a new product?
4. Who are the participants or functional groups in new product development decision making?
5. How do you select your target market?
6. Judging from your current situation do you think it's better to develop the market or the product?
7. What is the time frame you use before deciding a certain new product has failed or succeeded?

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DECLARATION

I the undersigned, declare that this senior essay is my original work prepared under the guidance of AtoYimerAdem. All resources of material used to the manuscript have been dully accumulated.

Name: ASHENAFI DERIBA

Signature: _____

Placement: ST. MARY'S UNIVERSITY

Date: _____

THE ADVISOR DECLARATION

This senior essay has been submitted for examination with my approval as an advisor

Name: _____

Signature _____

Date: _____