

ST. MARY'S UNIVERSITY COLLEGE

BUSINESS FACULTY

DEPARTMENT OF MANAGEMENT

**AN ASSESSMENT OF EMPLOYEES'
MOTIVATION PRACTICES IN THE
NATIONAL BANK OF ETHIOPIA**

BY:

ZERTIHUN TEKA

JUNE 2010

SMUC

ADDIS ABABA

**AN ASSESSMENT OF EMPLOYEES'
MOTIVATION PRACTICES IN THE
NATIONAL BANK OF ETHIOPIA**

**A SENIOR ESSAY SUBMITTED
TO THE DEPARTMENT OF MANAGEMENT
BUSINESS FACULTY
ST. MARY'S UNIVERSITY COLLEGE**

**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF BACHELOR OF ARTS IN
MANAGEMENT**

**BY:
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**FACULTY OF BUSINESS
DEPARTMENT OF MANAGEMENT**

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List of Acronyms

NBE – National Bank of Ethiopia

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**AN ASSESSMENT OF PRODUCT DESIGN
AND DEVELOPEMT PRACTICE
(THE CASE OF ANBESSA SHOE FACTORY)**

BY

ZERAY DERES

JULY, 2010

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Approved by the committee of examiners

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Abstract

This research topic focuses on the process of product design and development on Anbessa Shoe factory. The main objective of this research is to assess the product design and development practice in the case of Anbessa shoe factory to incorporate the requirements of the target market on the process of new product design and development activity like, new idea generation, idea screening, business analysis, prototype development, test market, design compatibility, commercialization.

The method applied to conduct this research in the area of data collection are primary data collection methods questionnaires and interview on the selected sample size according to the sample design and secondary data like published documents, unpublished documents, Books, internets, and previously conducted researches.

At the end, this research will provide a feasible solution on gap related with the process of new product design and development activity to incorporate and meet the requirements of the company target market.

Chapter one

1.1 Back Ground of the study

Today our world is passing through an era of globalization with rapid and dynamic economic, social, cultural, political, environmental and technological changes. Due to this impact various business oriented companies are trying their best to be compatible and adopt with the fluctuating and inconsistent business atmosphere in order to survive, outstand and sustain their relative position in a given industry. Thanks to information technology, these days' customers have every detail information regarding different company's products and services. Due to these fact, the domain, seller- customer with mass-production concept and relationship dramatically shifted to customer driven market or in other words customers become the deciders about what they want, how they want, when they want, how much to pay towards the company's offering. Therefore this research paper assessed the process of new product design and development activity on Anbessa Shoe Factory.

Anbessa Shoe Share Company was established in 1938 E.C employing over seven hundred staff with an installed production capacity of 2500 pairs per day. This production consists of leather shoe upper, finished leather foot wear, leather articles, workers shoes, civilian shoes, and military shoes. According to Anbessa shoe factory website the company has retail locations in Arada, Lidetta, Kirkos sub cities and regional out let locations at Bahirdar, Gonder, Jimma, Nekemet, Dire Dawa, Hawwassa and Nazret.

“Ethiopia has a comparative advantage in producing leather and leather products with a large supply of livestock and large labor market which estimated to be seventy nine million and is really available inexpensive with unemployment rate of forty percent” (central statistics year book,2000:54).

From this comparative advantage Anbessa Shoe Share Company is suppose to be one of the beneficiary in utilizing these available in put resource with its maximum limit to meet every reasonable requirement of the target market of the company.

Generally, this research assessed the product design and development process in the case of Anbessa Shoe Share Company.

1.2 Statement of the Problem

This day's many companies are engaged in designing, developing, producing, and distributing their product to the target customer at a reasonable price, time and place with ultimate objective of increasing customer satisfaction. Today's technological advancement and easy accessibility of information let customers to have variety of preferences and requirements towards each company offerings through creating forced customer-seller relationships. Companies who bring their customers needs and wants in the activity of new product idea generation, idea screening, concept development, prototype development, test market and commercialization processes are enjoying their advantage through efficient utilization of scarce available resource, having greater market share in the industry, securing competitive advantage, and engaged in both profit and wealth maximization. On the other hand Anbessa shoe Share Company fails to benefit in utilizing available resources, securing competitive advantage, and maximize the market share in the industry through satisfaction of ultimate customers. Thus, Anbessa shoe factory design and development process fail to incorporate the requirements of target market.

1.2.1 Research Questions

- Does the firm use its designing methods to differentiate its product in the minds of the target market?

- Does the firm use its design to improve the marketability of its product?
- Does the company shoe design provide easy to use, function, comfort for the target market?
- Is there any design improvement in order to change the appearance of the company product?
- How does the company product design and development procedure is used to reduce manufacturing costs?
- How does the company try to incorporate the target market requirement into the process of new product design and development activity?

1.3 Objective of the study

1.3.1 General objective

The general objective of the research is to assess the product design and development process in the case of Anbessa shoe factory.

1.3.2 Specific Objectives

- To identify how the company designing methods are used to differentiate the company product in the minds of the customers.
- To assess how the firm uses the product designing process to improve marketability.
- To identify how the company shoe design provides easy usage opportunity, function to the target market.
- To assess how the design improvement used to change the appearance of the company product.

- To analyze how the company product design and development process used to reduce manufacturing costs.
- To assess how the company considers the target market requirements into the process of product design and development process.

1.4 Significance of the study

This research paper is very important and worth to conduct because of the following core points.

- The research will enable the organization top executives to make effective, efficient and precise business decisions towards their product, product line, production, market, finance, design and development, technology on time.
- This research will enable the organization to have a strong board, transparency and trust with their actual/target market.
- It helps the organization to become customer driven, able to exercise change, reduce states cue maintenance and rigidity.
- To help the organization to use this research output /result findings/as a reference at any time when they face similar or related problem.
- To enable other researches make further studies in this area.
- To add additional knowledge to already existing stock of knowledge.

1.5 Delimitation of the study

The research focuses on the process of new product design and development to fulfill the requirements of the target market which is settled at Addis Ababa region. The process of new product design and development can be affected by various internal and external factors but

for these research purpose the researcher tries to critically evaluate how the customer requirement affect the new idea generation, idea screening, business analysis, product prototype development, test marketing and commercialization processes setting other factors constant. It also covers the product design and development activity of the company during 2000 E.C. up to 2001 E.C. on male and female customers with all ages of interval.

1.6 Research Design and Methodology

1.6.1 Research Design

This research is descriptive type of research.

1.6.2 Population and Sampling Technique

The researcher considers population as the number of customers (actual buyers) for Anbessa Shoe factory located at the company retail shops at Lideta, Arada and Kirkos sub city in Addis Ababa. The sample unit of the research is the number of customers which are male and female, young Actual buyers who are representative out of the total number of customers. The sample size of this research considers only sixty one representatives of actual buyers of Anbessa shoe Share Company.

1.6.2.1 Sampling technique: - The researcher used convenience sampling technique due to the very large number of population size with insufficient customer list.

1.6.3 Types of data to be used

Primary Data

The researcher has collected this data for the first time using interview to get first hand information which is useful to find a

solution for the problems stated in the research problems.

Secondary data

These data are very important to the researcher in order to understand clearly previous ways of doing company activities. These data will collect from books previously done reports, magazines, published and un-published company reports.

1.6.4 Methods of Data Collection

The researcher used systematically designed closed-ended questionnaire for actual buyers and structured personal interview for different concerned department managers in order to get the necessary data from the target group, and makes reviews and analysis on previously collected data as secondary data collecting tools.

1.6.4.1 Methods of data analysis

The data collected from the target group is analyzed using tabular presentation, charts and percentage techniques.

1.7 Organization of the Study

Chapter one of the research includes introduction part; back ground of the study, statement of the problem, general and specific objective of the research, significance, delimitation, and research design and methodology.

Chapter two of the research presents review of related literature on the major area of the research topic.

Chapter three of the research includes data presentation, analysis and interpretation of information gathered.

Chapter four of the research includes conclusion and recommendation parts with separate pages for Bibliography and Appendix.

1.8 Schedule of the study

Week required to complete activity																									
No	Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
1	Proposal	■	■	■	■																				
2	Literate review					■	■	■	■	■															
3	Data collection										■	■	■	■	■	■									
4	Data analysis																■	■	■	■					
5	Conclusion																				■				
6	Recommendation																					■			
7	Report																						■	■	

1.9 Cost Presentation

Items	Cost in birr
Supplies (Paper, pen pencil)	200.00
Type writing and printing	700.00
Internet	200.00
Photocopy	300.00
Transportation	300.00
Telephone	200.00
Miscellaneous	400.00
Total Cost in birr	2300.00

Chapter Two

Review of related literature

2.0 The new product development dilemma

Under modern conditions of composition, it is becoming increasingly risky not to innovate. Consumers and industrial customers want and expect a stream of new and improved products. Competition will certainly do its best to meet these desires. A program of managed improved innovation seems to be a necessity. Looking ahead, successful new product development may be even harder to achieve as time goes on. There are several reasons for this according to David S. and Earl B. “new product development board record” (1971:16-24).

1. Shortage of important ideas, some technologists think there is a shortage of fundamentally new technologies to meet the nation needs major innovations to avoid economic stagnation.
2. Fragmented markets. Keen competition is leading to increasingly fragmented markets.
3. Growing social and governmental constraints. New products increasingly have to satisfy public criteria in addition to promising reasonable profit.
4. Costliness of new product development process. A company typically has to develop a great number of new product ideas in order to finish with a few good ones.
5. Capital shortage. The high cost of new product development is no longer affordable by many companies because of the high of cost money.

6. Shorter life spans of successful products. Even when new product turns out to be a commercial success, rivals are so quick to follow suit that the new product is typically fated for only a short, happy life.

Thus management faces a dilemma; it should develop new products, yet the odds weigh heavily against their success. The answer must lie in conducting new product development in a way that reduces the risk of failure. But what are the major causes of new-product failure? The most frequently cited causes are:

1. A high-level executive favors the idea and pushes it through in spite of the lack of supporting evidence.
2. Poor organization systems for handling new product ideas (poor criteria, poor procedures, poor coordination of departments).
3. Poor market size measurement, forecasting, and market research.
4. Poor marketing planning, such as poor positioning, poor segmentation, under budgeting, over pricing design.
5. Lack of product distinctiveness or consumer benefit.
6. Poor product design.
7. Unexpectedly high product development costs.
8. Unexpectedly intense competitive response.

2.1 Effective Organizational Arrangements

Top management must take the ultimate responsibility for the quality of the new product development work at the company. It can not simply hire some new product specialists and leave it to them to come up with useful new ideas. Effective new product work must start with a clear definition by top management of its growth strategy, particularly in terms of the business domains and product categories in which it wants to do business.

This will avoid lower management's working on ideas that top management won't ultimately buy.

A key factor in effect new product development work is to establish workable organizational structures. According to David S. options in new product organizations (1974:55) "Companies use five different organizational arrangements for handling the new product development";

1. Product managers. Many companies leave new products development up to their product managers. In practice, this system has several faults. The product managers are usually too busy managing their product lines to give much thought to new products other than brand modification or extension; they also lack the specific skills and knowledge needed to successfully develop new products.
2. New product managers. The new product managers who report to group product managers this position adds professionalization to the new product managers tend to think in terms of product modifications and line extensions limited to their product market. The position often does not have sufficient authority or top-level support.
3. New product committees. Most companies have a high level management committee charged with reviewing new products proposals. Consisting of representatives from marketing, manufacturing, finance, engineering, and other departments its function is not development or coordination so much as the reviewing and approving of new product plans.
4. New product departments. Large companies often establish a new product department headed by an executive who is given substantial authority and access to top management vice president, or research and development vice president. The department's major responsibilities include generating and screening new ideas, directing

and coordinating research and development work, and carrying out field testing and pre- commercialization work.

5. New product venture teams. Dow, Westinghouse, Monsanto, and general mills assign major new product development work to venture teams. A venture team is a group specifically brought together from various operating departments and charged with the responsibility of bringing a specific product to market or specific new business into being.

2.2 Idea Generation

The first stage in the new product development process is the generation of ideas. Firms vary in how they go about finding ideas. Some are very casual and simply keep their ears open to new possibilities. Others identify product categories in which to concentrate their search effort. The search effort is narrow gauged when they rely on one or a few sources for ideas; or broad gauged when they rely on many sources. Furthermore, ideas may be generated intuitively or through special techniques. Here we will examine the major sources and techniques for generating ideas.

2.2.1 Sources of new product ideas

The major sources of new product ideas are customers, scientist, competitors, company salesmen and dealers, and top management.

Customers the marketing concept suggests that customers' needs and wants are the logical point in the search for product ideas. According to Hippel technology review(1978:3-11) a great number of ideas for new industrial products are user generated, which means companies must design better systems for spotting these ideas. Companies can identify customer's needs and wants in several ways:

1. Direct customer's surveys.
2. Projective tests
3. Focused group discussion.

4. Suggestion system and letters received from customers,
5. Perceptual and preference mapping of the current product space to discern new opportunities.

Scientists many companies hope to find new product ideas through their scientific research programs. Basic laboratory research has yielded television and transistors, new forms of packing, and synthetic fibers for clothing.

Competitors companies must carefully watch the new product development work being done by their competitors. They can catch certain gleanings by listening to distributors, suppliers, and sales representatives as to what seems to be in the works. The sales of new products launched by their competitors should be monitored. The company should assess why they are bought and by whom. Many companies will buy the competitors' products, tuck them apart, and build a better one. Their growth strategy is one of product imitation and improvement rather than product origination.

Company sales representatives and dealers company sales representatives and dealers are a particularly good source of new product ideas. They have firsthand exposure to customers' unsatisfied needs and complaints. They are often the first to learn of competitive developments. An increasing number of companies is to learn of competitive developments. An increasing number of companies are training and rewarding their sales representatives and dealers for producing new ideas.

Top management top management is another major source of new product ideas. Some company leaders, such as Edwin H. Land of Polaroid, take personal responsibility for driving forward technological innovation in their companies. This isn't always constructive, as when a top executive pushes through pet ideas that are insufficiently researched or supported by the available data.

Miscellaneous sources other sources of new product ideas include inventors, patent attorneys, university and commercial laboratories, industrial consultants, advertising agencies, marketing research firms, and industrial publications.

2.2.2 Idea Generating Techniques

Really good ideas come out of a combination of inspiration, and techniques. A large number of “creativity” techniques have been developed over the years to help individuals and groups generate better ideas.

Attribute listing this technique involves listing the major attributes of an existing object and then imagining ways to modify each attribute in the search for a new combination that will improve the object.

Forced relationship this technique relies upon listing several objects and then considering each object in relation to every other object.

Morphological analysis this method consists of singling out the most important dimension of a problem and then examining all the relationships among them.

Problem analysis the preceding creativity techniques have in common an effort to imagine new products without going to the consumer for any input. Problem analysis, on the other hand, starts with the consumer. Consumers are asked to name problems associated with the use of a particular product or product category. The technique can be reversed and consumer can be given a list of

problems and asked to suggest which products come to mind as having each problem.

Brainstorming persons can also be stimulated together creativity through certain forms of organized group exercise. One well known technique is brainstorming. Generally the group size is limited to between six and ten. The problem should be made as specific as possible, and there should be no more than one problem. The sessions should last about an hour and may be held at almost any time of the day, although the morning is often the most effective time.

According to Osborn, "For the conference to be maximally effective, the following four rules must be observed" (1963:256-257)

- ***Criticism is ruled out.*** Adverse judgment of ideas must be withheld until later.
- ***Freewheeling is welcomed.*** The greater the number; it is easier to tame down than to think up.
- ***Combination and improvement are sought.*** In addition to contributing ideas of their own, participants should suggest how ideas of their can be joined into still another idea.

2.2.3 Product idea rating devices

Most companies require their executives to write up each new product idea on a standard form that can be reviewed by a new product committee. At this stage, the ideas are rough, and the form simply requires a description of the product, the target market, competition, and some rough guesses as to market size, product price, development time and some rough guesses as to market size, product price, development time and costs, manufacturing costs, and level of return.

This basic rating device is capable of additional refinements. Whether it is advisable to introduce them is largely a matter of how much more

would be gained. The checklist serves as a means of promoting systematic evaluation and discussion of the product idea among management – it is not designed to make the decision for them.

2.3 Concept development and testing

A product idea is possible product, described in objective functional terms, that company can see itself offering to the market. A product concept is a particular subjective consumer meaning that the company tries to build into the product idea. A product image is the particular subjective picture consumers actually acquire of the product.

2.3.1 Product and brand positioning

Once the core product concept is chosen, it defines the character of the product space in which the new product has to position.

2.3.2 Concept testing

Through these steps, the company hopes to arrive at a set of available product or brand concepts. Concept testing calls for taking these concepts to group of target consumers and getting their reactions. The concepts may be presented symbolically or physically. At this stage, usually a work and nor/or picture description suffices, although the reliability of a concept test increase, the more description of a concept, such as:

- The consumer will be asked to react to each concept and its specific attributes. The concept test should the following questions according to Edward M. Tauber, Journal of

Marketing : (1973:61-64);

- Is the concept clear and easy to understand? (Often the concept test reveals that people are not really grasping the concept.)
- Do you see some distinct benefit of this product over competing offerings? (The respondents must recognize distinct benefits of this product over its near substitutes.)
- Do you find the concept and claims believable? (The respondent may have strong doubts about the product claims, which the manufacturer will have to overcome.)
- Do you like this product better than its major competitors? (the respondents report whether they really prefer this product)
- Would you buy this product? (The company must find out if there is a sufficient percentage of respondents with an actual intention to buy this product.)
- Would you replace your current product with this new product? (The company must find out if the consumer intention to buy this product.)
- Would this product meet a real need of yours? (If consumers do not feel a real need for the product, they may buy it only once for curiosity.)
- What improvements can you suggest in various attributes of the product? (This enables the company to bring about further improvements in form, features, pricing, quality, and so on.)
- How frequently would you buy this product? (This indicates whether the consumer sees it as an every day product or a specialty product.)

- Who would use the product? (This question helps the marketer define the user target.)
- What do you think the price of this product should be? (This question helps marketer know the consumer's value perception of the product.)

2.4 Marketing strategy development

The new product developer will have to develop a preliminary concept of the marketing strategy for introducing this product into the market. The marketing strategy will be rough at this stage and will be refined in subsequent stages. The second part of the marketing strategy statement will outline the product's intended price, distribution strategy and marketing budget for the first year. The third part of the marketing-strategy statement describes the intended long-run sales and profit goals and marketing-mix strategy over time.

2.4.1 Business Analysis

Once management has developed a satisfactory product concept and a tentative marketing strategy, it is in a position to do a hardheaded analysis of the business attractiveness of the proposal. Management must review the future sales, costs, and profit estimates as to whether they satisfy the company's objectives. If they do, the product concept can be moved to the product-development stage. As new information comes in some revision will probably have to take place in the product concept and marketing strategy, calling for revised estimates of sales,

costs, and profits. Thus business analysis, which starts in this stage, will be revised at critical review periods during the product's development.

2.4.2 Estimating Sales

The key to whether a product should be developed is whether its sales will be high enough to return a satisfactory profit to the firm. One can obtain some helpful benchmarks by carefully examining the history of previous (analogous) products and surveying market opinion. At the very least, management finds it helpful to have estimates of minimum and maximum sales to provide some indication of the risk involved. Estimation methods differed depending upon whether they are designed to estimate the sales of a one-time purchased product an infrequently purchased product, or a frequently purchased product

- **Estimating first-time sales**

The first task, regardless of the type of product, is to estimate first-time purchases of the new product in each period.

- **Estimating replacement sales**

To estimate replacement sales management has to research the survival-age distribution of its product. The lower end of the distribution will indicate when the first replacement sales are expected to take place. The actual timing of replacement will be influenced by such factors as the customer's economic outlook, cash flow, and product alternatives as well as the company's prices, financing terms and sales effort since replacement sales are difficult to estimate before the product is in actual use, some

manufacturers prefer to rest the case for launching the new product solely on the basis of first-time sales.

- **Estimating repeat sales**

For a frequently purchased new product the seller has to estimate repeat as well as first-time sales. This is because the unit value of frequently purchased products is low, and repeat purchases take place soon after the introduction. A high rate of repeat purchasing means buyer satisfaction with the product; sales are likely to remain high even after all first-time purchases take place. The seller should not the percentage of repeat purchases that take place in each repeat purchase class: those who buy one, twice, three times, and so on. Some products and brands are bought a few times and then dropped. It is important to estimate whether the repeat-purchase ratio is likely to rise or fall, and at what rate, wit deeper repeat-purchase classes.

- **Estimating Costs and Profits**

After preparing the sales forecast, management can proceed to estimate the expected costs and profits of this venture. The costs are gathered through discussions with the research and development and manufacturing departments which include the planned marketing costs described in the marketing strategy statement.

2.5 Product Development

A product concept that scores high in a business analysis is now ready to be turned over to the research and development and/or engineering departments to be developed into a physical product. Up to now, it existed only as a word description, a drawing, or a very crude mock-up. This next step calls for a large jump in investment, which dwarfs the idea-evaluation costs incurred in the earlier stages. Much time and many dollars/ birr go into trying to develop a technically feasible product. This stage will provide an answer as to whether the product idea can be translated into a technically and commercially feasible product. If not the company's accumulated investment will be lost except for any by product information gained in the process.

2.5.1 Three steps involved in the product development stage

- prototype development and testing
- branding
- Packaging.

2.5.2 Prototype development and testing

The research and development department will undertake developing one or more physical versions of the defined product concept. It succeeds if it finds a prototype that satisfies the following criteria:

1. The prototype is seen by consumers as successfully embodying the key attributes of the product concept

2. The prototype performs safely under normal use and conditions

3. The prototype can be produced for the budgeted manufacturing costs.

Consumer testing can take a variety of forms from bringing consumers into a lab to test and rate the product versions to giving them samples to use in their normal settings. In-home product-placement tests are common with products ranging from ice cream flavors to new appliances. Consumer preference testing draws on a variety of techniques such as paired comparisons, multiple choices, and ranking procedures, each with its own advantages and biases.

2.5.3 Branding

The brand name should not be a casual afterthought but an integral re-enforcer of the product concept. Among the desirable qualities for a brand name are:

1. It should suggest something about the product's benefits.
2. It should suggest product qualities, such as action, color, or whatever.
3. It should be easy to pronounce, recognize, and remember.
4. It should be distinctive.

2.5.4 Packaging

Some years ago, packaging was a minor element in the marketing mix for a product. The traditional packaging concerns of manufacturers

are product protection and economy. A third packaging objective which comes closer to considering the consumer, is convenience. This means such things as size options and packages that are easy to

open. A fourth packaging objective, promotion, has received increasing recognition from manufacturers. And a fifth objective, ecology is becoming increasingly important as people become concerned with the disposal of packaging material and its effects on the environment. Various factors account for the growing recognition of packaging as an independent and potent selling tool according to Paul E. Green Donald S. Tulle, (1961:365):

2.5.4.1 Self-service:

An increasing number of products are sold on a self-service basis as a result of the growth of supermarkets and discount houses. The package must now perform many of the sales tasks. It must attract attention, describe the product's features, give the consumer confidence, and make a favorable overall impression.

2.5.4.2 Consumer Affluence:

The rise in consumer affluence has meant that consumers are willing to pay a little more for the convenience, appearance, dependability, and prestige of better packaging.

2.5.4.3 Company and brand image:

Companies are recognizing the power of well developed packaging to contribute to instant consumer recognition of the company or brand. Packaging is a tool not only in creating category identification but also in carrying out the brand's positioning concept in terms of quality, costs, and other factors.

2.5.4.4 Innovational opportunity:

Innovative packaging can bring about large sales gains. The first company to move into creative packaging standard will be in a leading position within a given industry. Developing the package

for a new product requires a large number of decisions. The first task is to establish the packaging concept. The packaging concept is a definition of what the package should basically be or do for the particular product. The main function(s) of the package is to offer superior product protection, introduce a novel dispensing method, and suggest certain qualities about the product or the company. A host of further decisions must be made on the component elements of package design-size, shape, materials, color, text and brand mark. Each packaging element must be harmonized with the other packaging elements; size suggests certain things about materials; materials suggest certain things about colors, and so forth. The packaging elements also must be guided by decisions on pricing, advertising, and other marketing elements.

2.6 Market Testing

Market testing is the stage where the product and marketing program are introduced into more authentic consumer settings to learn how well the product will do before making a final decision to launch it in the marketplace.

Most companies, however, know they can pick up valuable information about users, trade, marketing program effectiveness, market potential, and other matters from market testing. The main issues are how much market testing and what kind?

The amount of market testing is influenced by the amount cost and risks on the one hand, the time pressure and research cost on the other.

Products involving a substantial investment deserve to be market tested so as not to make a mistake: the cost of the market tests will be insignificant percentage of the cost of the project itself products involving

high risk-those that create new-product categories of have novel features. On the other hand, the amount of market testing may have to be severely limited if the company is under great pressure to introduce its brand, as might happen if the season is just starting or if competitors are about to rush their products into the market. The company may prefer the risk of a product failure to the risk of losing distribution or market penetration on a highly successful product. The cost of market testing will also make a difference in how much is done and what kind.

2.6.1 Consumer- Goods Market Testing

The purpose of consumer-goods market testing is to find out how consumers and the trade react to handling, using, and repurchasing the product, how large the market is. In testing consumers, the company is interested in forming estimates of the main components of sales, specifically trial, first repeat, adoption and frequency of purchase. The company hopes to find all of these at high levels. In some cases, it will find many consumers trying the product but not repurchasing it, showing a lack of product satisfaction. Or it might find high first-time repurchase but then a rapid wear-out effect. Or it might find high permanent adoption but low frequency of purchase. In testing the trade, the company wants to learn how many and what types of dealers will handle the product, under what terms, with what shelf-position commitments.

The major methods of consumer-goods market testing,

Sales-wave research: According to Edward M. Tauber, (1977:80-84) Sales-wave research is an extension of the ordinary

home-use testing in which consumers who initially try the product at no cost are offered the opportunity to obtain more of the product, or any competitor's products, at slightly reduced prices. They may be reoffered the product as many as three to five times (sales waves), the company noting each time how many consumers selected that company's product again and what comments they reported about usage. Sales-wave research can also include exposing consumers to one or more advertising concepts in rough form to see what impact the advertising has on subsequent repeat-purchase behavior. The main advantage of sales-wave research is that the company can estimate the repeat-purchase rate under conditions where consumers are spending their own money and have a choice among competitors' brands. Another advantage is that the company can gauge the impact of alternative advertising concepts on consumer repurchase behavior. Finally, sales-wave research can be conducted under relative competitive security, implemented in a short time and carried out without needing to develop final packaging or advertising.

Simulated store technique The simulated store technique (also called "laboratory test markets," "purchase laboratories" or "accelerated test marketing") calls for finding thirty to forty shoppers (at a shopping center or elsewhere) and inviting them to a brief screening of some television commercials. Included are a number of well-known commercials and some new ones, and they covering a range of products. One of the commercials advertises

the new product, but it is not singled out for attention. The consumers are given a small amount of money and invited into a store where they may use the money to buy any item or they may keep the money. The company notes how many consumers buy the

new product and competing brands. This provides a measure of product trial and of the commercial's effectiveness against competing commercials. The consumers reconvene and are asked the reasons for their purchases or non purchases. Some weeks later they are re-interviewed by phone to determine product attitudes, usage, satisfaction, and repurchase intention and are also offered an opportunity to repurchase any products.

Controlled test marketing

Several research firms have arranged controlled panels of stores that have agreed to carry new products for a certain fee. The company with the new product specifies the number, store types, and geographical locations it wants. The research firm takes responsibility for delivering the product to the participating stores, and for controlling shelf location, number of facings, displays and point-of-purchase promotions and pricing according to pre-specified plans. Sales results can be audited both from shelf movement and from consumer diaries kept by a sample of consumers who stop at these stores. The company may also test small-scale advertising in local newspapers in conjunction with the test.

Controlled testing (also called "minimarket testing") allows the company to gauge the effectiveness of in-store factors and limited advertising on consumers buying behavior toward a new product

without the consumers being contacted in advance or during the process. A sample of consumers could be interviewed later to gather their impressions of the product. The company does not have to use its sales force, give trade allowances, or take the time to buy into distribution. There are also disadvantages, in that this

technique does not provide the company with experience in the problems of selling the new product to the trade. This technique also involves a greater exposure of the product to competition.

Test marketing calls for several decisions:

1. How many test cities?
2. Which cities?
3. Length of test?
4. What information?
5. What action to take?

2.7 Commercialization

At this point management presumably has enough information to make a final decision about whether to launch the new product. If the company goes ahead with commercialization, it will face its largest costs to date. The company will have to build or rent a full-scale manufacturing facility. The size of the plant will be a critical decision variable. The company can build a smaller plant than called for by the sales forecast to be on the safe side.

The decision to commercialize involves four component decisions.

When (Timing)

The first decision concerns timing questions. If the new product replaces another product, the new product's introduction might be delayed until the old product's stock is drawn down through normal sales. If the demand is highly seasonal, the new product should not be introduced

until the seasonal timing is right. If the new product could be improved further, the company may prefer to miss the selling season in order to come out with a better product.

Where (Geographical Strategy)

The next decision is whether the company should launch the new product in a single locality a region a set of regions the national market or the international market. Few companies have the confidence capital and capacity to put new products into full national distribution from the start. Instead they will develop a planned market rollout over time. Small companies in particular will select an attractive city and put on a blitz campaign to win share. They will spread out to further cities as they gain footholds. Large companies will generally introduce their product into a whole region and then move on to the next region. A few companies with large national distribution networks, like the auto companies, will launch their new models in the national market unless there are production shortages.

To Whom (Target Market Prospects)

Within the rollout markets, the company must target its distribution and promotion to the best prospect groups. Presumably the company has already profiled the prime prospects on the basis of data gathered in the market testing or earlier stages. Prime prospects for a new consumer product would ideally have four characteristics:

1. They would be early adopters of the product.
2. They would be heavy users of the product.
3. They would give the product good word of mouth and influence others to buy it.

4. They could be reached at a low cost.

Few profiled groups have all of these characteristics and then target its initial efforts to them. The aim is to generate high sales as soon as possible to motivate the sales force and attract other new prospects.

2.7.1 How Introductory Marketing Strategy

The final site is to develop the marketing for introducing the new product in the rollout markets. It calls for allocating the marketing budget among the marketing-mix elements and sequencing the various activities.

2.7.2 The consumer-adoption process

The consumer-adoption process begins where the firm's innovation process leaves off. It deals with the process by which potential customers come to learn about the new product, try it, and eventually adopt or reject it. It underlies the introduction and rapid growth stages of the product life cycle. The company must understand this process so that it can bring about early market awareness and trial usage. The consumer-adoption process should be distinguished from the consumer-loyalty process, which is the concern of the established producer.

2.7.2.1 Propositions about the Consumer Adoption Process

Stages in the adoption process the first proposition is that the individual consumer goes through a series of stages of acceptance in

the process of adopting a new product. The stages are classified by Gerald Zaltman, (1976:7-20) as follows:

1. **Awareness:** the individual become cognizant of the innovation but lacks information about it.

2. **Interest:** the individual I stimulated to seek information about the innovation.
3. **Evaluation:** the individual considers whether it would make sense to try the innovation.
4. **Trial:** the individual tries the innovation on a small scale to improve his or her estimate of its utility.
5. **Adoption:** the individual decides to make full and regular use of the innovation.

2.8 Quality function deployment

According to Stevenson (1999:170) “Quality function employment (QFD) is a structured approach for integrating the “voice of the customer” into the product or service development process. The purpose is to ensure that customer requirements are factored into every aspect of the process. Listening to and understanding the customer is the central feature of quality function deployment (QFD). Requirements of the customers must be clearly stated. Once the requirements are known, they must be translated into technical terms related to the product or service”.

The structure of quality function deployment (QFD) is based on a set of matrices. The main matrix relates customer requirements (what) and their corresponding technical requirements (how). This concept is illustrated as follows;

The main quality function deployment matrix:

Customer Requirements	Importance To customer	Technical Requirements						

Additional features are usually added to the basic matrix to broaden the scope of analysis. Typical additional features include importance weightings and competitive evaluations. A correlation matrix is usually constructed for technical requirements; this can reveal conflicting technical requirements. With these additional features, the set of matrices known as the house of quality because of its house like appearance.

Chapter Three

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The general objective of the research is to assess the product design and development process in the case of Anbessa shoe factory. The methodology used to collect data is questionnaire and structured interview to gain primary data and company published and unpublished reports were used to get secondary data. The data collected from the target group is presented using tables, charts and analyzed using percentage techniques. Sixty one questionnaires were distributed and sixty one of them were collected.

3.1 Background of customer/Respondents.

Table 1 Personal Description

NO	Item	Number of Respondent	Percentage (%)
1.	Sex:		
	a. Male	41	67.21
	b. Female	20	32.79
	Total	61	100
2.	Age		
	Less than 20	3	4.92
	20- 30	12	19.67
	31 – 40	20	32.9
	41 – 50	16	26.23
	51 – 60	7	11.48
	Greater than 60	3	4.92
	Total	61	
3.	How long have you been a customer?		
	A. Months	14	22.95
	B. 1 year – 5 years	32	52.46
	C. More than 5 years	15	24.59
	Total	61	100

Source: From Primary Data of Questionnaire

As it can be seen from item 1 of table 1, 67.21% of respondents are male customers of Anbessa Shoe Share Company and 32.79% respondents are

female customers of the Shoe Company. The company has more male customers than the female customers.

In relation to item 2 of table 1, 4.92% of respondents are less than twenty years of age, 19.67% of respondents are between the age of twenty and thirty, 32.79% of respondents are between the age of thirty one and forty, 26.23% of the respondents are between the age of forty one and fifty. 11.48% of the respondents are between the age of fifty one and sixty, and finally 4.92% of the respondents of Anbess shoe Company are grater than sixty years of age. Therefore, the company has more customers between the age of 31 and 50 years of age.

In relation to item 3 of table 1, 22.95% of the respondents have been the company customers for few months or less than a year, 52.46% of the respondents have been customers between one year and five years and 24.59% of respondents have been customers for more than five years. Therefore, more than half of the company customers visited and re-purchase shoe product from the retail store for continues years between one and five years of interval.

3.2. Analysis of the finding of the research.

In this section of the research responses from customers and company design and development department are presented, analyzed and interpreted as follows.

Table2. Customer's response on problems related to the company's shoe Product.

No	Item	Number	Percentage
1.	Is there any problem you faced during usage of the company newly designed and developed shoe product?		
	Yes	48	78.69
	No	13	21.31
Total		61	100
2.	What was the problem of the newly developed shoe product?	6	9.84
	- Raw material problem	40	65.57
	- Design problem	4	6.56
	- Technology problem	5	8.20
	- Lack of market demand assessment	6	9.84
	- Other (no problem)		
	Total	61	100.00
3.	Does the current shoe product design quality full fill your requirements?		
	Yes	9	14.75
	No	17	27.87
	Partially full fill	35	57.38
Total		61	100.00

Source: From Primary Data of Questionnaire

As it can be seen on item 1 of table 2, 78.69% of the respondents reply they faced problem while using the company newly designed shoe products and 21.31% of the respondents reply they don't have a problem with the company newly design products. Therefore, more than $\frac{3}{4}$ of customers face a problem means there is a clear indication that the shoe out put has a problem, and only less than $\frac{1}{4}$ of the company customers are satisfied with the company shoe product.

In relation to item 2 of table 2, 9.84% of respondents said problems of newly developed shoe products are related to raw materials, 65.57% reply the problems are related with shoe design, 6.65% reply problems are related with

technology, 8.20% reply the problems are related with lack of adequate market assessment and 9.84% respondents said no problem with the newly designed and developed company shoe product. Generally, the data shows existence of problem related to a design quality, raw materials and preliminary market assessment.

In relation to item 3 of table 2, 14.75% of the respondents reply that the company new shoe designs fulfill their requirements, 27.87% of the respondents reply the company new shoe designs do not fulfill their requirements and 57.38% of respondents reply that the newly designed and developed shoe products partially fulfill their requirement. Generally the company new product designs only fully satisfied less than a quarter of the total number of customer and the rest are partially or not completely satisfied with the company newly design and developed shoe products i.e. quarter of the company customers are not totally satisfied or the current shoe designs does not meet their requirements and only half of the company respondents reply the current shoe designs partially fulfill their requirements.

Table 3. Customer’s requirements on design activity of the company.

NO	Item	Number	Percentage
1	Did you get a chance to request additional features to be included in the newly designed shoe products?		
	Yes	45	73.77
	No	16	26.23
Total		61	100
2	Does your requirements accepted by the company to be included in the newly developed shoe products?		
	Yes	5	8.20
	No	50	81.97
	Others	6	9.83

Total		61	100.00
3	Did you get a chance to give comment on shoe design during the market test process?		
	Yes	9	14.75
	No	52	85.25
Total		61	100

As it is shown on table 3 of item 1, 73.77% of the respondents request additional featured to be included in the company newly designed and developed shoe products and 26.33% respondents of the company ~~customers~~ ^{Source from Primary Data of Questionnaire} to be included in the newly designed company shoe products. Generally, only ¼ of respondents do not request additional features to be added or more than ¾ of the customers of the company need additional features to be included in the new shoe products designed, therefore the company needs to add additional features to satisfy its huge number of customers.

Item 2 of table 3 shows, 8.20% of respondents get acceptance of their additional requirements to be included in the design process, 81.97% of respondents do not see any of their additional request included in the new shoe product designs and 9.83% of the respondents do not request any things to be included in the current new design of the factory shoe. Generally, it is clearly indicated with a significant number that still the company has a lot of work ahead to incorporate the customer ideas in the new design and development process.

Item 3 of table 3 shows, 14.75% of respondents get a chance to comment on the company new product designed and development process and 85.25% of the respondents do not get a chance to comment on the company newly designed and developed shoe products. Generally, only ¼ of customers of the company get opportunity to comment their feelings and ideas towards

the newly designed shoe products and 3/4 of respondents which is huge number of target market has no access to forward their idea on the new product designed and development process and the company doesn't use a quality function deployment matrix to incorporate customer requirement. Generally, this might widen the gap to understand what the target market requires in a proper manner.

Table 4 Company's shoe design and development compliant handling practice.

NO	Item	Number	Percentage
1	Did you in form your compliant as a customer about the shoe design problem to the factory?		
	Yes	51	83.61
	No	10	16.39
Total		61	100
2	Which method do you used while forwarding the shoe design compliant to the company?		
	Post	2	3.28
	E-mail	0	0
	Suggestion box	41	67.21
	Directly negotiation	13	21.31
	Other	5	8.20
Total		61	100

Source: From Primary Data of Questionnaire

As it can be seen from item 1 of table 4, 83.61% respondents forward their complaint about the shoe design problem to the factory and only 16.39% of the respondent do not forward their compliant to the company. Generally, as it can be see the company currently observed customers have a problem

related with the design and try to communicate there problem with the company only few of the company current customers have anything to complain about as it can be seen on the analysis part.

As it can be seen from item 2 of table 4, 3.28% of respondents forward their compliant by post, 0% of respondents use e-mail, 67.21% used suggestion box to forward their compliant, 21.31% used direct negotiation with concerned party, 8.20% of respondent do not use any of the company compliant forwarding mechanism. Huge number of customers of respondents of the company uses suggestion box to forward their complaints and direct negotiation methods. Generally the company uses suggestion box as a primary tool, this might create a lot of time for the customers to get respond from the company in a short and quick period of time.

Table5 Shoe design improvement and introduction process.

NO	Item	Number	Percentage
1.	Does the company shoe design process shows gradual and sustainable improvement in current period?		
	Yes	18	29.51
	No	43	70.49
Total		61	100
2.	Do you think the company new shoe designs are properly introduced to the target market to arouse significant interested buyers?		
	Yes	11	18.03
	No	50	81.97
Total		61	100.00

As it can be seen from item1 of table 5, 29.51% of respondents replies yes the company shoe designs has sustainable improvement and 70.49%of respondents replies the company shoe design has not been with sustainable improvement. In relation to item1 of table 5, only few numbers of

respondents believe that the company shoe design shows sustainable improvement and significant number of percentage of the company buyers do not observe any significant shoe design improvements and question the credibility of the company's designing methods.

As it can be seen from item 2 of table 5, 8.03% shows respondents who choose yes the company new shoe designs are created to arouse to significant number of target market interest and 81.97% responds that the company shoe designs are not created to arouse significant number of target market interest. Item 2 of table 5 implies only few buyers consider the company designing efforts are made to attract and arouse the target market and still huge percentage of buyers do not recognize the company shoe design efforts to attract significant number of target market interest.

Table 6 Problems of commercialized newly designed shoe products.

NO	Item	Number	Percentage
1	Do you observe any problem on new designed and commercialized shoe products of the company?		
	Yes	43	70.49
	No	18	29.51
Total		61	100
2	What was the major problem observed on newly developed and commercialized shoe products as a customer?		
	- When (timing)	3	4.92
	- Where (geography strategy)	1	1.64
	- Market assessment	30	49.18
	- To whom (target)	5	8.20
	- All	4	6.56
	- Other	18	29.51
Total		61	100.00

Source: From Primary Data of Questionnaire

As it can be seen from table 6 of item 1, 70.49% of respondents reply that they observe a problem on the company's new designed shoe products after being commercialized and only 20.51% of respondents said they did not observe problem on the company newly designed and

commercialized products. It is a clear implication that huge numbers of customers observe critical defects on widely available company products. Generally, the company has problem on its commercialized shoe products means a lot of unnecessary cost are incurred and tied up to the company in terms of raw material, set up and others related costs.

As it can be seen from table 6 of item 2, 4.92% of respondents replied that the product problems related to timing(when), 1.64% indicated that the newly design commercialized products problem is related with geographical strategy, 49.18% of respondents replied that the product commercialization problem are related with market assessment, 8.20% of respondents replied the products problem in commercialization is related with pointing out the target market, 6.56% respondent reply that the product commercialized problems are related with all (timing, to whom, market), 29.51% reply that they face/observe no problem on newly designed commercialized product. In relation to the analysis part of items 2 of table 6, implies significant number of respondents reply the problems with commercialized shoe products related with timing, market assessment, geography strategy and sourcing the target market. This implies the factory should revise what they are currently doing in the operation process before mass production activity.

Table7 Problems related to new product failure.

NO	Item	Number	Percentage
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1	Have you seen new product failed after being widely available in Addis Ababa market?		
	Yes	41	67.21
	No	20	32.79
Total		61	100
2	What was the major cause for the failure?		
	Poor Systems for handling new Products	4	6.56
	Poor market size measurement	3	4.92
	Poor market research	13	21.31
	Poor product design	24	39.34
	Misunderstanding customer request	10	16.39
	Un expected product development Cost	7	11.46
Other	0	0	
Total		61	100

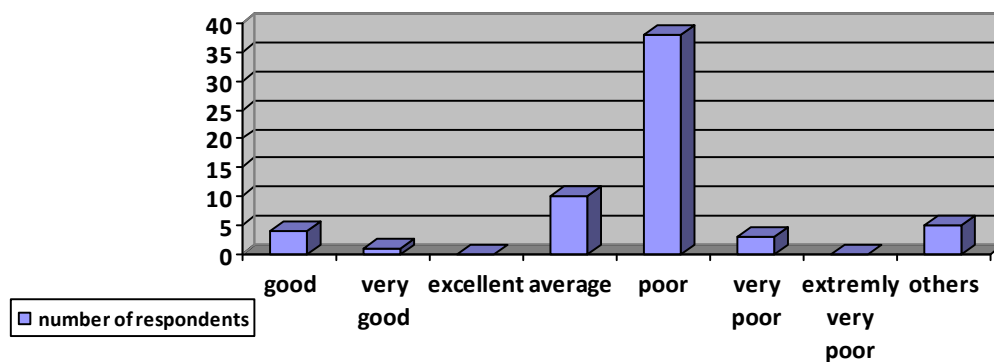
Source: From Primary Data of Questionnaire

As we can observe from table 7 of item 1, 67% of the respondents replied they have seen new shoe product designed failed after widely distributed to the market, and 32.79% replied “no” they do not see any new shoe product of the company failed after widely distributed to the market. It is a clear indication that significant customers of the company observe failed shoe products after being widely available in the market and the company must take immediate corrective actions to restore their credibility to the loyal customers before they reach to the level of bankruptcy and get out of the industry.

As we can see form table 7of item 2, 6.56% respondents replied that the cause for the failure of the new product design was poor organization system for handling new product ideas, 4.92% replied that the problems were due to poor market size measurement, 21.31% replied that the

problem for the new design product was due to poor market research, 39.34% of respondents replied that the product failure was due to poor product design, 16.39% replied due to misunderstanding customer's requirement and 11.46% replied that the problem for the new design shoe product failure was due to un expected high product development cost. The implication of the company shoe products failure are related with poor market size measurement, poor organization system for handling new product ideas, poor market research and misunderstanding customer's requirement.

Bar chart 1 Company's complaint handling on shoe design.



As it can be seen on chart 1 of bar 1, 4 out of 61 respondent replied the company way of handling complaint is good, 10 out of 61 respondents replied that average complaint receiving method, 38 out of 61, respondents replied the company way of handling their complaint is poor, 3 out of 61 respondents replied the company way of handling their

compliments is very poor, 5 out of 61 respondents did not submit their complaint and the rest responses can be seen clearly on the chart. According to the analysis part from chart 1, significant number of respondents replies poor and very poor and it is an indication that the company creates a significant gap in handling the feedback system,

which might lead to losing the important variable in two way communication system.

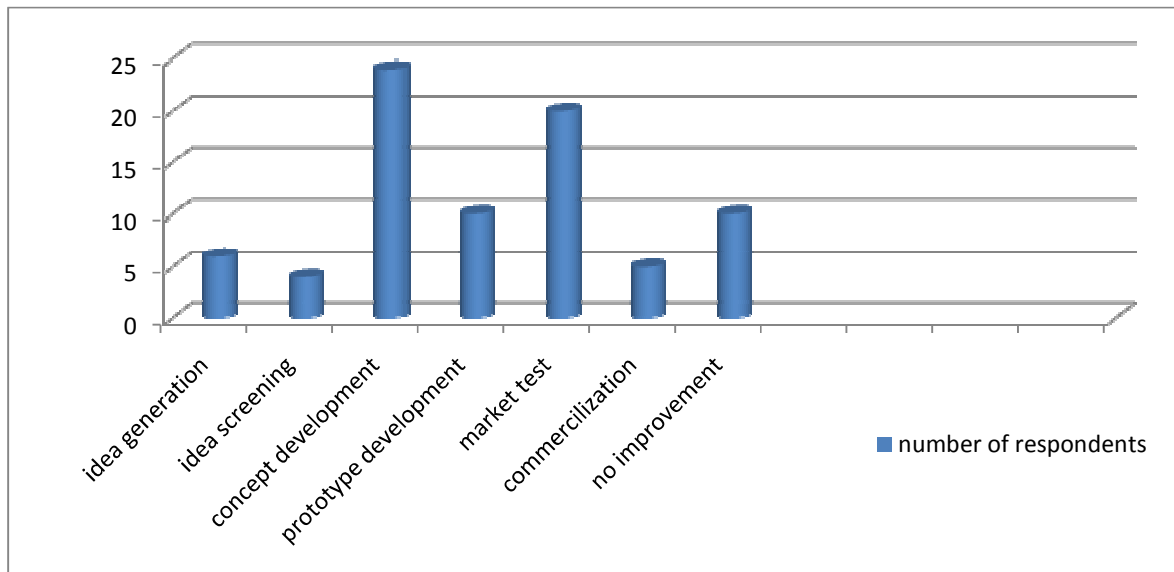
Table8. New product design and development improvement activity.

NO	Item	Number	Percentage
1	Do you think the company needs to bring improvement on the process of new product design and development activity?		
	Yes	50	81.97
	No	11	18.03
Total		61	100

Source: From Primary Data of Questionnaire

As we can see from item 1 of table 8, 81.97% of respondents replied that the company new product design and development process needs improvement and only 18.03% replied that the company new shoe design and development process does not require any improvement in its process. Here customers response implies a significant number of customers seek improvement on the company shoe design activity with immediate consideration because of the huge percentage exhibited for improvement. This can be consider as a clear indication that the company is providing the current shoe products based on the factory schedule only with out incorporating the target market preference.

Chart2. Customer's request on shoe design and development process improvement.



As it can be seen on chart 2 of bar1, 6 out of 61 responds replied that the company must have improvement on its new shoe design idea generation process, 4 out of 61 replied that the company must have improvement on idea screening process, bar 3 of chart 2 indicates customers replied that the company must have an improvement on concept development stage of the shoe design and development process, Bar 5 of chart 2 represents 20 out of 61 customers replied there should be improvement on the prototype development stage and the rest of customers response is clearly indicated on the above chart. The general implication of chart 2 is that more number of company current customers critically wants to see all sided improvement on the process of new product design and development activity of the factory. This will be an indication that there is a gap to incorporate what the customer want to be included in the company shoe designs and what the company is currently offering to the target group. A gap in the process of new product design and development activity right created un expected disaster in the company total operation because of allocating materials to produce un wanted shoe to market, raising manufacturing and equipment setup costs, creating more in

venture cost and finally the product will be out of market by creating bankruptcy.

Table 9 Customers reasons for buying Anbessa factory shoe products.

No	Item	Number of Respondent	Percentage
1	What is your reason to prefer Anbessa shoe design than other competitor companies?		
	- The company shoe product fulfill design requirements	6	9.84
	- The company shoe products fulfill price discount	40	65.57
	- Due to design quality	3	4.92
	- Due to easily accessible out lets	12	19.67
	- Due to the company Varity product items	0	0
	- Other	0	0
	Total	61	100
2	Do you convince any person or relative to try the company shoe products after you being satisfied with the design of the company shoes?		
	Yes	10	16.39
	NO	51	83.61
	Total	61	100

Source: From Primary Data of Questionnaire

As it can be seen from item 1 of table 9, 9.84% of respondents reply that the company shoe designs fulfill their design requirements, 65.57% of respondents reply that they purchase the company product because of the price discount, 4.92% reply they purchase the company product due to design quality, 19.67% reply that they purchase the company product due to accessible out lets and (none) reply that they purchase the company product due to verity product items. This implies that huge number of company buyers favor to buy the company product due to price discount regardless of the company shoe design Varity or design quality.

This trend of buyer and factory relationship is very difficult and risk full when different competitors are providing their product with a very low price with Varity with preferable quality shoe product in the local market

of Addis. This days competing with price as a competitive advantage tool is very difficult and might end up the total industry in price war.

As it can be seen from item 2 of table 9, 16.39% of respondents reply that they convince some other person to try the company shoe products after being satisfied with to design they bought and 83.61% of respondents do not convince some other potential buyers to try the company product. This is a very critical issue that a company should address in order to build deep rooted company and product brand image which should be remembered in every activity of the target customer or local customer to influence other. It is also another way for the company to attract and retain both prospect and local customer besides promotional activity raising manufacturing and equipment set up costs, creating more inventory cost and finally the product will be out of market.

3.3 Results of interview on the company design and development process.

The major findings on the company shoe design and development collected through interview are presented as follows:

The company makes no effort to differentiate the factory shoe products in the minds of the target market. This implies that the factory is not in a position of making an effort to show the unique features of its shoe product total target market. Differentiation can be used as a tool in creating ever lasting image on customers by clearly showing how the product of the factory has additional attributes than the competitors offering.

Therefore Anbessa shoe factory is a forgettable product due to lack of product differentiating strategy.

The company has no experience of using QFD (Quality function deployment) matrix to incorporate customer's requirement. It is very

important to use QFD (Quality function deployment) matrix which can help the company to integrate “Voice of the customers” in to the product or service development process. It helps the company to produce in accordance with the market demand. QFD (quality function deployment) matrix will help the shoe factory to test the technical requirements from the factory setup and the need of the customer. Therefore Anbessa shoe Share Company is not in the position to get advantage from QFD (Quality function deployment) Matrix.

The Company has no research and development department due to “we can see the cost on income statements but can’t see the immediate benefit of the department on the revenue sheet”. Research and development department is important for a company to assess potential market to participate in design and development activity, to find technological break through, to source out new way of designing and for efficient resource utilization methods. Therefore, Anbessa shoe Share Company with out this essential department can not survive the next generation intense competitive local and global market.

The major pushing factor for Anbessa Shoe Share Company for new product design and development activity is the government policy which encourages export market. Since the date of its establishment the company has a significant gap addressing the local market requirement in a proper manner and it will be more difficult to provide product design in a complex global market with advanced market perception, purchasing power, technological advancement, upper hand bargaining

power of the customers, and widely available product information. Therefore, the factory must give priority in addressing the local market demand with a maximum customer’s satisfaction by developing experience in every aspect of the designing and production operations to

become strong enough to compete in local and global markets. Otherwise, with the current performance of the company with a significant gap in addressing customers specifications, poor feed back handling system, lack of research and development department and catalogue based production strategy the company will destroy its credibility with in short period of time in the international market as it does in the local market this days.

The factory test the prototype shoe product only using the laboratory test. The company has limited way of testing the prototype developed by the engineering department as a part of the design and development activity. But in order to make the prototype testing more efficient they can use target market selected samples to use the product in their normal setting, in home product placement test, paired comparison testing method. Because, the more the company tests its prototype on the target market in at a reasonable cost, it enables the company to get sufficient feed back and to take appropriate corrective actions before commercializing the product. And this will decrease the risk of product failure after commercialization which is the major problem to the company these days.

The Company has two formats in design and development strategies:

- a. Customer requirement strategy (only for export market)
- b. Catalog, competitions and innovation strategy (local market)

The company use customer based design strategy only for foreign market opportunity and catalogs, competitors and innovation strategy for local market only. Catalogs might have variety of shoe designs, but what the company is missing how to focus on the real needs and wants of the

target market requirements to follow as a strategy. Simply focus on catalog or any other competitors product as a strategy to design and commercialize any product is it has no difference with the earliest period of production concept of marketing which is simply produce as much as possible with low cost then the customer will buy. But today this concept is out dated and the market is becoming more and more complex and dynamic form time to time. Therefore, establishing a strategy which has a base on customer requirement is unquestionable and non-negotiable issue for 21st Century marketing philosophy not only to have success in a given industry but also to have flexibility in every aspect of the company operations to survive the intense competitive environment of the global market influence.

CHAPTER FOUR

SUMMARY, CONCLUSION AND RECOMMENDATIONS

4.1 Summary

The general objective of the research is to assess the product design and development process in the case of Anbessa shoe factory. The methodology used to collect data is questionnaire and structured interview to gain primary data and company published and unpublished reports used to get secondary data.

- 67.21% respondents are male customers of Anbessa shoe share company, 32.79% of respondents are female customers, 58.13% of the total number of company customer are between the age of thirty-one and fifty 11.48% of respondents are between the age of fifty one and sixty years of age and 4.92% respondents are above the age of sixty.
- 52.46% of the respondents have been the shoe factory customer between one year and five years, 24.59% of the responds have been the company buyers for more than five year and 22.95% of respondents have been the company buyers less than a year.
- 78.69% of customers respond that they have a problem while using the company's newly designed shoe product and 21.31% replay that they have no problem with the company newly design and commercialized shoe products.
- 65.57% of respondents reply that the problem they faced while using the company newly designed products are related with shoe design problem, 9.84% of respondents' problems are related with raw materials, 8.20% replied the problem are related with lack of adequate market assessment,

6.65% replied problems are related with technology and 9.84% supply that no problem that they face while using the company newly designed products.

- 57.38% of respondents reply that the newly designed and developed shoe products partially fulfill their requirements, 27.87% of respondents reply the company new shoe designs do not completely fulfill their requirements and only 14.75% reply that the company new shoe designs fulfill their requirements.
- 73.97% of respondents of the company customers request additional features to be included in the company newly designed shoe products and 26.33% respondents of the company customer do not request any thing to be additionally included on newly designed company shoe products.
- 81.97% of respondents of the company customer who request additional features to be included in the product design observe no response from the company, 8.20% of respondents observe what they request on newly designed products and 9.83% of respondents don't request any features to be included in the company newly design shoe products.
- 62.30% of respondents reply the company way of handling customers compliant is poor, 16.39% reply average compliant receiving, 8.20% reply they don't have compliant, 4.92% reply the company has very poor compliant handling system and 0% said excellent and extremely very poor.
- 70.49% of the company customers reply the company shoe design has not been with any sustainable improvement and 29.51% observe improvement on the shoe design activity.
- 81.97% of respondents reply that the company shoe designs are not created to arouse interest of significant number of target market and 18.03% reply that the design are made to arouse the target market interest.

- 70.49% of respondents reply that they observe a problem on the company new designed shoe products after being widely available in the market and 29.51% of respondents said they don't observe a problem on new designed and commercialized shoe products of the factory.
- 49.18% of customer reply that the product failed in the commercializing are related with market assessment failure, 8.20% replied the problems are related with pointing the target market, 4.92% replied that the problems are related with timing, 6.56% replied that the problem are related with all variables like pre market assessment, timing and failure to point out the real market.
- The factory test the prototype shoe product developed only using the laboratory test.
- The Company has no research and development department due to “we can see the cost on income statements but can't see the immediate benefit of the department”.
- The shoe factory use customer based design strategy only for foreign market opportunity and catalogs, competitors and innovation strategy with out integrating customer requirements for local market.
- Anbessa shoe share company makes no effort to differentiate the factory shoe products in the minds of the target market

4.2 CONCLUSION

Major findings of the research organized in the summary part are concluded as follows.

The company makes no effort to differentiate the factory shoe products in the minds of the target market.

Anbessa shoe Share Company has no research and development department.

The factory test the prototype shoe product developed only using method the laboratory test.

Anbessa shoe factory has no market based strategy to develop and distribute shoe products for local market.

As reviled in the summarized findings Anbessa shoe factory have shoe design problems.

As indicated by large number of respondents the company newly designed and developed shoe products do not full fill the target market requirements.

Anbessa shoe factory has a problem related with products widely available in the local market.

Anbessa shoe Share Company does not use quality function deployment matrix to integrate customers' inquiry.

Anbessa shoe Share Company has poor system of customers' compliant handling system.

As a reasonable number of respondents indicated that the company has no sustainable design improvement on the factory shoe products.

Anbessa shoe Share Company has limited system to incorporate custom made shoe products.

Anbessa shoe Share Company has critical market research and information problems which is a major contributor for the failure of commercialized products.

4.3 RECOMMENDATIONS

- ❖ It is mandatory to revise all the necessary steps in Anbessa shoe share company shoe design and development process especially in idea generation, idea screening, concept development, and market test stages with the current demand and technological requirements of the target group.

- ❖ The shoe factory must install proper compliant handling system. In the twenty first century various multinational and trans national companies are becoming more concerned beyond the market segment they serve with the concept of corporate social responsibility and It is unacceptable that Anbessa shoe factory has poor reputation in handling its own customer compliant for the product they sell. Generally the company must establish a transparent, accountable, speedy and consistent customer's compliant policy, system and procedures using tools like internet, intranet and direct negotiation with the stake holders besides the widely used and slow system of currently used suggestion box.
- ❖ Anbessa shoe Share Company must use quality function deployment matrix. If the company was in the position to use a QFD (quality function deployment) during the process of design and development there will be no exaggerated problems related with lack of integrating customer requirements, the technical requirements of each designs of the shoe etc.... Therefore, it is a must for Anbessa Shoe share Company to use a QFD (quality function deployment) model to over come most of the problems related with the customers.
- ❖ The Company must establish research and development department. This department is important to be included as a department to carry out different research activities related with the corporate strategy of the company and has to take the front line to participate in the shoe design and development process so as to reduce the current complains of the customer and has to be given a chance to find technological breakthrough in utilizing all sided company resources.
- ❖ The factory design and development process must provide a product with unique features to be remembered always by the target market and capable enough to influence other potential buyers at least for trial sales.

- ❖ The factory must add additional prototype testing methods than the laboratory test used currently like target market selected samples to use the product in their normal setting, in home product placement test, and paired comparison testing method. Because, the more the company tests its prototype on the target market at a reasonable cost, it enables the company to get sufficient feed back and to take appropriate corrective actions before commercializing the product. And this will decrease the risk of product failure after commercialization which is the major problem to the company these days.
- ❖ The company must improve the shoe design problems through integration of the customer requirements in the design and development process and by acquiring appropriate technology that feet's to the intense competition of both local and global shoe factories offerings in the industry.
- ❖ Anbessa shoe Share Company must establish market based strategy in order to address the local market requirements to be included in the designing process.
- ❖ The shoe factory must provide a progressive and sustainable shoe designs and designing system with every current advanced technology.
- ❖ The company must change the ideology that research and development department is only a cost incurring section to it can become a center to get more profit if it is directed towards a proper strategic plan of the company.

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APPENDIX

Appendix I

St. MARY'S UNIVERSITY COLLEGE

PERPARED BY ZERAY DERES

Structured Interview

To Anbessa Shoe Factory Operations Manager

The main purpose of this interview is to gather relevant information in order to conduct a research on the topic of "An Assessment of product design and development process on Anbessa Shoe factory" in partial fulfillment of the requirements for the Degree of Bachelor of Arts in management.

Therefore I kindly request the interviewee to respond honestly to each question. Be sure that all the information provided by you shall be kept confidential and used for the research purpose only.

General Instruction

I. Give answer to each question by putting the «✓» sign in the box or answer in writing on the space provided.

II. You may choose more than one answer for a given question.

1. Is there any designing methods used to differentiate the company new product in the minds of the target market?

Yes

No

2. Does the firm use its new product design method to improve the marketability of its product?

Yes

No

3. Does the company shoe design provide the following variables to the target market?

Easy to use

Easy to function

More comfort

more durability

All

Other _____

4. Which of the following departments are found in the company shoe making process?

Cutting

5. If your answer is “yes” for question number 4 what kind of product design improvement was carried out to improve the shoe appearance?

Improvement to make the product easy to operate

Improvement on the input materials

Improvement to upgrade the quality and durability of the product

Improvement to reduce the manufacturing cost

All

Other _____

6. Is the company product design and development procedure used to reduce manufacturing cost?

Yes

No

7. If your response is “yes” for question number 6, what kind of design mechanism used to reduce manufacturing cost?

A design which uses minimum input

A design which minimize wastage of raw material

A design which is easy to produce in a large quantity at a single production set up

A design which reduce production supervision cost

A design which reduces defective items

All

Others _____

8. Is there any structure developed by the firm to use a quality function deployment (QFD) matrix to incorporate customer’s requirement in the process of new product design and development process?

Yes

No

9. Is there a separate research and development department in the company?

Yes

No

10. If your response is “yes” for question number 9, is the research and development department participates in the process of product design and development process?

Yes

No

11. What are the driving forces (pushing factor) for your company's new product design development activity?

- Customer requirements
- Competitors
- Government policy
- Innovative culture of the organization
- Patent right purchase
- Research and development department
- All
- Other _____

12. What kind of customer suggestion/ feed back/ system your company follows?

- Suggestion box post
- E-mail All
- Web
- Other _____

13. Which of the following factor(s) considered critically by the company management while the regular program of innovative process of product design and development?

- Shortage of important ideas
- Fragmented markets
- Growing social and government constraints
- Costliness of new product development process
- Capital shortage
- Shorter life span of successful products
- All

14. Have you ever experience new product developed failed after passing the stage of commercialization?

- Yes No

15. If your answer for question number 14 is "Yes" what was the major cause(s) for the failure?

- Poor organization systems for handling new product ideas

- A high level executives favors the idea and pushes it through in spite of the lack of supporting evidence
- Poor market size measurement
- Poor market planning
- Poor market research
- Poor product design
- Misunderstanding customer requirements
- Un expected high product development costs
- Un expected in tense competitive response
- Others _____

16. What kind of organizational arrangements your company follows for handling new product design and development process?

- Product management New product departments
- New product managers New product venture team
- New product committees Other _____

17. What is the major source of new product idea in the case of your company experience?

- Customers
- Dealers
- Research and development department
- Top managements
- Competitors
- Company sales persons
- All
- Other _____

18. Which type of customer's needs and wants assessment method(s) your company follows to integrate their ideas in the new product design and development process?

- Direct customer's surveys
- Projective tests
- Focused group discussion
- Suggestion system and letters received from customers

- Perceptual and preference mapping of the current product space to discern new opportunities
 - All
19. What kind of new product idea generating technique(s) your company follows to come out with a better idea to meet the company target customers?
- Attribute listing Problem analysis
 - Forced relationship Brain storming
 - Morphological analysis
 - All
20. Are there any new product idea rating techniques in the organization?
- Yes No
21. If your response is “yes” for question number 20 which type of rating technique(s) gets priority in the company system?
- The target market Competition
 - Some rough guesses as to the market size Development time
 - Product price
 - Manufacturing set up cost
 - Level of return
 - Other _____
22. What does your new product concept testing package incorporate while the product idea is presented to the target market?
- A new product concept that is clear and easy to understand.
 - A new product concept that shows the product unique feature over competing companies offerings.
 - A new product concept that is believable and favorable.
 - A new product concept that meet the real need of the target market.
 - A new product concept that increase the frequency of purchase.
 - A new product concept that quote a fair price.
 - All
 - Other _____

23. Is there any activity in the firm to establish preliminary concept of marketing strategy during new product concept development stage?
 Yes No
24. If your response is "Yes" for question number 23 what variables does the strategy include the following variables?
- Intended pricing strategy
 - Distribution strategy
 - Marketing budget strategy at least for the 1st year
 - Long run sales strategy
 - Long run profit estimating strategy according to with the company goals
 - Marketing mix strategy over time
 - All
 - Other _____
25. What are the activities done during the major business analysis step?
- Estimating future sales
 - Marketing Costs
 - Profit estimates in relation to company's objectives
 - Speculation of the country economy as a whole
 - External environment factors
 - All
 - Others _____
26. What kind of sales estimating method your company frequently uses during the business analysis step in the product design development activity?
- Estimating first time sales
 - Estimating replacement sales
 - Estimating repeat sales
 - Estimating costs and profits
 - Others _____
27. Do you consider the following variables during your new product development stage?
- Prototype development
 - Prototype testing
 - Branding

- Packaging
 - Others _____
28. What kind of prototype testing mechanism your company follows during the introduction of the newly developed product to the target market?
- Laboratory test
 - Giving products to the target market to use in their normal setting
 - In home product placement test
 - Paired comparison
 - Multiple choice
 - Ranking procedures
 - All
 - Other _____
29. What kind of branding concept your company follows during the introduction of new product line or item to the target customers?
- Branding concept related to the product benefit
 - Branding concept that strongly suggest product qualities
 - Branding concept easy to pronounce, recognize and remembered by the target market
 - Branding concept that shows distinctiveness
 - Others _____
30. What degree of priority your company gives to new product packaging?
- High very high medium low
 - Very low
31. What kind of purpose your company follows towards packaging?
- Package for protection.
 - Package for economic purpose.
 - Packaging objective for consumer convenience.
 - Packaging for promotion purpose.
 - Packaging as an independent and potent selling tool.
 - All
 - Others _____

32. If the answer is “Yes” for question number 25 which variable(s) is more important in packaging system of your company?

- Self service Company and brand image
- Consumer affluence Innovational opportunity
- Others _____

33. Which variable is most important during new product test marketing process in the company?

- Pick up valuable information about users
- rate of transaction
- Marketing program effectiveness
- Market potential
- All
- Others _____

34. Which variables influence the amount of market testing of the company’s new product to the target market?

- The amount of cost
- Risks related to failure
- Time pressure
- Others _____

35. Does the following variables included in the consumer testing process to find the main components of sales?

- Specifically trial sales Frequency of purchase
- First repeat sales All
- Adoption sales
- Others _____

36. Which type of market testing method(s) your company follows in order to test the newly developed product to the target market?

- Sales wave research
- Simulated store technique laboratory test markets
- Controlled test marketing (minimarket testing)
- All
- Others _____

37. Do you consider the following core variables during test marketing decision?
- The number test cities the type and level information.
 - Specific name of test cities type of actions to take
 - The Length of market test
 - Others _____
38. Do you consider the size of the company /plant/ as a critical decision variable before commercialization?
- Yes No
39. Which components of decisions are critical for commercializing the company's new product?
- When (timing)
 - Where (geographical strategy)
 - To whom (target market prospects)
 - Marketing strategy
 - All
 - Others _____
40. Do you take a special consideration on consumer's adoption process with respect to the rapid growth stages of product life cycle?
- Yes No
41. Does the marketing system of the firm provide a mechanism to distinguish the consumer loyalty process from adoption process?
- Yes No
42. Which step of consumer adoption process is given more attention by your company?
- Awareness
 - interest
 - Evaluation
 - Trial
 - Adoption
 - All

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APPENDIX III

St. Mary's University College
Management Department
Addis Ababa

Questionnaire for Anbessa shoe factory customers.

The main purpose of this questionnaire is to gather relevant information in order to conduct a research on the topic of “an assessment of product design and development process on Anbessa shoe factory” in partial fulfillment of the requirements for the degree of bachelor of art in management.

Therefore I kindly request the respondents to respond honestly to each question. Be sure that all the information provided by you will be kept confidential and used for the research purpose only.

General Instruction

1. The questionnaire has two parts.
2. Do not write your name on the questionnaire.
3. Give answer to each question by putting the “√” sign in the box or answer in writing on the space provided.
4. You may select more than one answer for a given question.

Part one Questions for respondent

1. Gender Male Female
2. Age less than 20 years 20-30 years 31-40 years
 41-50 years 51-60years 60 and above
3. Period of visitation Months 1 year- 5 years
 Of the company store more than 5 years

Part two Questionnaire for Anbessa shoe factory.

1. Do you use Anbessa shoe factory shoe products for consecutive years?
Yes No
2. Is there any problem you faced during usage of the company shoe product?
Yes No
3. If your answer is yes for question number 2 what was the problem of the company shoe product according to your understanding?
Raw material problem
Design problem
Technology problem
Lack of market demand assessment
Others _____
4. Did you inform you're compliant about the company shoe design problem to the factory?
Yes No
5. If your answer is yes for question number 4 how was your compliant received by the company.
Good Poor
Very good Very poor
Excellent Extremely very poor
Average Others _____
6. Does the current company shoe product design quality fulfill your requirement?
Yes No partially fulfill
7. Do the current company shoe products fulfill your requirement in terms of durability?
Yes No partially fulfill
8. Which of the following reasons gives your priority in preferring Anbessa shoe factory shoe design rather than other competitor companies?
Because the company fulfill customers design requirements
Because the company fulfill customers price discount requirements

Due to the company design quality

Due to the company easily accessible outlets

Because of the company Variety shoe product items

Others _____

9. Does Anbessa shoe factory shoe design process shows gradual and substantial improvement in the current period?

Yes

No

10. Which of the following methods do you used while forwarding your shoe design compliant to the company?

Post

Directly negotiating with the concerned party

E-mail

Others _____

Suggestion box

11. Did you get a chance to request additional features to be included in the company shoe product besides the design requirement?

Yes

No

12. If your answer is yes for question number 11 does your requirement fulfilled by incorporation your request on the shoe product?

Yes

No

13. Do you think the company new shoe designs created are properly introduced to the target market to arouse significant interested buyers?

Yes

No

14. Did you get a chance to give your comment on the company new shoes developed during the market test process?

Yes

No

15. Do you think Anbessa shoe factory has a priority in serving clients requirement than its competitions in the industry?

Yes

No

16. Have you seen any package design improvement on newly developed shoe products?

Yes

No

17. How do you perceive the company new shoe product concept testing package while the product idea is presented?

A new product concept that is clear and easy to understand

A new product concept that shows the product unique feature over computing offerings.

A new product concept that meet the real need of the target market

A new product concept that shows the design quality of the product

Others _____

18. Do you think that the company needs to bring improvement on the process of new product design and development activity?

Yes

No

19. If your answer is yes for question number 18 which product design and development process needs improvements?

New product idea generation Market testing

New product idea screening commercialization

Concept development No improvement

Concept testing

Prototype development

20. Do you observe any problem on newly developed and commercialized shoe products of the company?

Yes

No

21. If your answer for question number 20 is yes what was the major problem(s) do you observe on newly designed and commercialized products?

When (timing)

Where (geographical)

To whom (target market prospect)

Market Assessment

All

Others _____

22. Do you think Anbessa shoe factory provide its products to the target market through critical observation of the seasons?

Yes No

23. Do you observe any activity of the shoe company to bring customers loyalty towards its shoe product?

Yes No

24. Do convince any person or relative to try the company shoe product after you being satisfied with the design of the company offerings?

Yes No

25. If you have any additional points to add on the company shoe design and development process?

Declaration

I under signed declare that this senior essay is my original work prepared under the guidance of Ato Abera Legesse. All source of material used for manuscripts have been duly acknowledged.

Name Zeray Deres Abreham

Signature _____

Place of submission St. Mary's University College

Date of submission July 05, 2010

This paper has been submitted for examination with the approval of the university college administration.

Name _____

Signature _____

Date _____

