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St. Mary's University School of Graduate Studies
Departments of Marketing Management

The Effect of New Product Development
Strategies on Sustainable Existence and Market
Leadership: The Case of East Africa Bottling Sc.

By: Semere Moges

September, 2020

Addis Ababa, Ethiopia

**The Effect of New Product Development Strategies on
Sustainable Existence and Market Leadership: The
Case of East Africa Bottling Sc.**

By

Semere Moges

Advisor

Getie Andualem (PhD)

**A Thesis Submitted to the School of Graduate Studies
of St. Mary's University, in Partial Fulfillment of the
Requirements for the Degree of Master of Arts in
Marketing Management**

September, 2020

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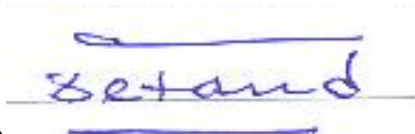
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Student's Declaration

I, the undersigned, declare that this study, entitled “**The Effect of New Product Development Strategies on Sustainable Existence and Market Leadership: The Case of East Africa Bottling Sc.**” is my own work, I have carried out the present study independently with guidance and support of my advisor. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or full to any other higher learning institution for the purpose of earning any degree.

Semere Moges

Signature:

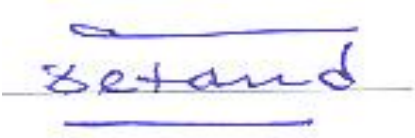


Date: 08 September 2020

St. Mary's University, Addis Ababa

Letter of Certification

This is to certify that Semere Moges carried out his project on the topic of **“The Effect of New Product Development Strategies on Sustainable Existence and Market Leadership: The Case of East Africa Bottling Share Company.”** This work is original in nature and is suitable for submission for the award of the Degree of Master of Art in Marketing Management.

A handwritten signature in blue ink, appearing to read "Getie Andualem", is written on a white background with a horizontal line above and below the signature.

Getie Andualem (PhD)

(Advisor)

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TABLE OF CONTENTS

Student’s Declaration	iv
Letter of Certificate	v
Acknowledgments	vi
Table of Contents	vii
List of Tables	x
List of Figures	xi
Acronyms	xii
Abstract	xiii

CHAPTER ONE: INTRODUCTION

1. Introduction	1
1.1. Background of the study.....	1
1.2. Overview of East Africa Bottling Share Company	2
1.3. Statement of the Problem	5
1.4. Research Hypothesis	5
1.5. Objectives of the Study	6
1.5.1. General Objective	6
1.5.2. Specific Objectives	6
1.6. Scope of the Study.....	6
1.7. Significance of the Study.....	7
1.8. Limitations of the Study	7
1.9. Organization of the Thesis.....	7

CHAPTER TWO : REVIEW OF LITERATURE

2. Review of Related Literature	8
2.1. Definition and Concept of New Product Development.....	8
2.1.1. New Product Concept and Definition.....	8
2.1.2. Importance of New Product Development	8

2.1.3. Definition of New Product	9
2.2.New Product Development in East African Bottling Share Company.....	10
2.2.1. Product History in Company (Global).....	10
2.2.2. Product History in the Company (Ethiopia)	15
2.2.3. Types of Newly Developed Products in Ethiopia	16
2.3.Market Strategies.....	19
2.3.1. Marketing Strategy of Coca Cola	20
2.3.2. Product Differentiation	23
2.3.3. Cost Leadership	24
2.3.4. Rapid Response	25
2.4.New Product Development and Market Leadership	27
2.5.New Product Development and Sustainable Existence.....	28
2.6. Conceptual Framework	29

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1.Research Design	31
3.2.Target Population	31
3.2.1. Sampling Technique.....	31
3.2.2. Sample Size Determination.....	31
3.3.Data Sources.....	32
3.4.Type of Data and Collection Technique	32
3.5.Variables of the Study	33
3.5.1. Dependent Variable (Response Variable).....	33
3.5.2. Independent Variable (Explanatory Variable)	33
3.6.Method of Data Analysis.....	33
3.7.Ethical Considerations.....	33

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPETATION

4.1.Data Presentation.....	34
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4.1.1. Coding	34
4.1.2. Reliability Coefficient Discussion.....	34
4.1.3 Socio Demographic Data.....	37
4.2.Data Analysis and Interpretation	
4.2.1 Descriptive Analysis.....	40
4.2.1. Effect of Product Differentiation Strategy on Sustainability & Market Leadership	41
4.2.2. Effect of Cost Leadership Strategy on Sustainability & Market Leadership	43
4.2.3. Effect of Rapid Response Strategy on the Sustainability and Market Leadership	45
4.3. Effect of New Product Success on Sustainability and Market Leadership	48
4.4.Performance of Market Leadership.....	50
4.5.Achievement of Sustainable Existence	53

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Summary	59
5.1.1. Effect of Product Differentiation Strategy on Sustainability & Existence of East African Bottling S.C. (EABSC).....	60
5.1.2. Effect of Cost Leadership Strategy on Sustainability & Market leadership of East African Bottling S.C. (EABSC).....	61
5.1.3. Effect of Rapid Response Strategy on Sustainability & Market Leadership of East African Bottling S.C. (EABSC).....	62
5.2.Conclusion	64
5.3.Recommendations.....	65

References

Annex

List of Tables

Table 4.1: Measurement Dimensions/Items.....	34
Table 4.2: Reliability for Product Differentiation question items (PD)	35
Table 4.3: Reliability for Cost Leadership question item (CL)	36
Table 4.4: Reliability test for Rapid Response question items (RR)	36
Table 4.5: Demographic Data of Respondents.....	38
Table 4.6: Effect of Product Differentiation Strategy on Sustainability & Market Leadership.....	42
Table 4.7: Effect of Cost Leadership Strategy on Sustainability & Market Leadership...	44
Table 4.8: Effect of Rapid Response Strategy on Sustainability and Market Leadership	46
Table 4.9: Effect of New Product Success on Sustainability and Market Leadership.....	49
Table 4.10: Performance of Market Leadership.....	51
Table 4.11: Achievement of Sustainable Existence.....	53
Table 4.12: Descriptive Statistics.....	56
Table 4.13: Correlation of Variables.....	56
Table 4.14: Regression Analysis Results.....	57

List of Figures

Figure 2.1: New Diet Cola ‘Coca-Cola, Sprite & Fanta without Sugar’	16
Figure 2.2: Coke zero, Coca-Cola without sugar.....	17
Figure 2.3: Schweppes Novida Pineapple	17
Figure 2.4: New Coca-Cola products without sugar launching ceremony	18
Figure 2.5: Porter’s Marketing Strategies.....	23
Figure 2.6: Conceptual Frame Work	29
Figure 4.1: Demographic Data of Respondents	40
Figure 4.2: Effect of Product Differentiation Strategy on Sustainability & Market Leadership.....	43
Figure 4.3: Effect of Cost Leadership Strategy on Sustainability & Market Leadership.....	40
Figure 4.4: Effect of Rapid Response Strategy on Sustainability and Market Leadership ..	48
Figure 4.5: Impact of New Product Success on Sustainability and Market Leadership..	50
Figure 4.6: Performance of Market Leadership.....	52
Figure 4.7: Achievement of Sustainable Existence	55

Acronyms

NP: New Product

NPD: New Products Development

EABSC: East Africa Bottling Share Company

SPSS: Statistical Package for Social Science

PD: Product Differentiation

CL: Cost Leadership

RR: Rapid Response

NPS: New Product Success

Abstract

Coca-Cola is globally well-known bottling company, which offers more choices to customers, unique packaging and empowering employees to contribute with their maximum potential. Recently the company (East Africa Bottling Share Company) launched new products for Ethiopian market. By taking East African Bottling Share Company, Ethiopia as a case in point, the major objective of this thesis was to study the Effect of new product development strategies on sustainable existence and market leadership. Specifically, the study was to explore the effect of three product development strategies; product differentiation, cost leadership and rapid response on sustainable existence and market leadership of EABSC. In order to address research design & methodology, the descriptive design method was adopted. Primary source of data was collected with questionnaire designed in five points Likert-Scale, ranging from strongly agree to strongly disagree. Product differentiation, cost leadership and rapid response strategies were the indicators measured by this study. Data was analyzed using frequency tables and simple percentage method. The sample size of this study was 80 staff selected by using purposive sampling techniques. The population is accessed at purposively during working hours from the total population to constitute a sample. The types of data collection were both primary and secondary. Analysis of survey data depicted that the mean, correlation and regression test of questions used to measure the three strategies. Product differentiation strategy is positively and significantly influences market leadership of East African Bottling S.C. (EABSC). Likewise, Cost leadership and rapid response strategy and market leadership & sustainable existence of the organization are highly correlated. Therefore, it was recommended that company leaders should utilize much of differentiation strategy as it has been proven to have the highest significant effect on East African Bottling S.C. (EABSC), sustainability and market leadership. It was also recommended that, the company need to look further and deeper into how to make uniqueness less costly in order to make differentiation a significant practice in the sector in Ethiopian context.

Key words: Product development strategies, product differentiation, cost leadership, rapid response, sustainable existence and market leadership.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

The growth of business firms is something inherent to their actual existence. Throughout their life, firms must grow continuously if they want to sustain their competitive position within an environment where other rival firms may be growing at a faster pace (Johnson, Scholes & Whittington, 2008). Especially, in this era of information, globalization leads manufacturing organizations to more intense competition so as to satisfy tremendous increment of customer demands. These organizations tend to seek competitive advantage usually by producing products with more valued features, such as product quality, product flexibility or reliable delivery (Baines and Langfield-Smith, 2003).

In practice, a business exists to satisfy customers while making profit. Fundamentally, a firm fulfills this dual purpose through its products. New-product planning and development are vital to an organization's success. This is particularly true, which is now given as (1) rapid technological changes, which can make some products obsolete, and (2) the practice of many competitors to copy a successful product, which can neutralize an innovative product's advantage (Cooper, 1994; Veryzer, 2003) As a result of this stiff competition let alone being a market leader even sometimes survival in markets becomes difficult. Therefore, an organization's ability to develop new products is critical to survival and success. According to Khalid & Asadullah, 2012, future sustainability of firms can be taken as the criteria which

Competition seems a key determinant for the company performance in market position and sustainability. Competition literally defined as rivalry in which every seller tries to get what other sellers are seeking at the same time: sales, profit, and market share by offering the best practicable combination of price, quality, and service (Business dictionary). Where the market information flows freely, competition plays a regulatory function in balancing demand and supply. As a company, to be a winner in this highly competitive business world, the company should offer better products with a good combination of price, quality and service.

However, to be successful in new product development process, the management should be critical in selection of the best strategies which contribute for the product success. Usually when the company succeeds in new product development, the market position and long-term sustainability can be guaranteed.

According to Porter's generic business strategy, an organization can survive if it successfully develops and manages two strategies; Product Differentiation and Cost leadership (Porter, Michael E., 1985). Therefore, selection of the market strategies needs a critical managerial decision which relies on assessment and appropriate research. This study analyzed three strategies of new product development and evaluates their effect on market leadership and sustainable existence.

In this thesis the effect of new product development strategies on sustainable existence and market leadership in East Africa Bottling Share Company is analyzed. For analysis purpose three new product development strategies; product differentiation, cost leadership and rapid response were analyzed as the key strategies to get competitive advantages for the company by creating new customers and retain existing loyal customers.

1.2. Overview of East Africa Bottling Share Company

The Coca Cola history started in the year 1886 when a pharmacist called Dr. John Pemberton created a soft drink that was sold at his neighborhood pharmacy (Visitor's pamphlet, 1990). At first the Coca Cola soft drink was sold per glass but then a businessman called Joseph Biedenharn started putting the Coca Cola soft drink in bottles (Visitor's pamphlet, 1990). In addition, in the year of 1899 three entrepreneurs purchased the bottling rights for the Coca Cola drink from Asa Candler for a one-dollar only. Benjamin Thomas, John Lupton, and Joseph Whitehead developed the Coca Cola bottling system.

Moreover, one of the first marketing efforts of Coca Cola was issuing coupons, and then the company used newspaper advertising. Coca Cola created a famous advertising slogan that is still used in the company's advertisements which is "the pause that refreshes"; the slogan first appeared in the year of 1929 (Coca Cola Company, About Us: Coca-Cola

History, 2019). In addition, when the Coca Cola Company started, it was selling soft drinks only but later the company started acquiring other beverages' companies in order to expand its beverages portfolio in order to appeal to different consumers' taste.

Coca-Cola Beverages Africa (CCBA) is the eighth largest Coca-Cola bottling partner worldwide and the biggest on the African continent. It serve 13 countries in sub-Saharan Africa including South Africa, Eswatini, Ghana, Kenya, Ethiopia, Mozambique, Tanzania, Uganda, Namibia, Mayotte, Comoros, Botswana and Zambia. The partner boast a diverse pan-African footprint with more than 36 bottling plants serving over 600,000 outlets across the continent. CCBA employs more than 16,000 people and enjoys the number one market position in all of our 13 territories.

CCBA is pursuing an ambitious growth strategy that is aligned with The Coca-Cola Company's 2020 Vision and will be supported through investment in manufacturing, sales, distribution and marketing. The partner aim to be the leading Coca-Cola bottler in Africa, delivering profitable and sustained growth through increased availability and access to Coca-Cola beverages across Southern and East Africa. (Coca Cola Company, About ccbagroup: Coca-Cola History, 2020)

Coca Cola was first bottled in Ethiopia's capital Addis Ababa in 1959 by the Ethiopian Bottling Share Company, which later opened a second branch in Dire Dawa in 1965. The two plants were nationalized in 1975 and ran as public companies until 1996 when they were bought by the Ethiopian entrepreneurs. Just prior to this, in 1995, Coca Cola SABCO bought shares in the business and, in 1999, signed a joint venture agreement with the plants. With its leadership working hand in hand, the business has seen significant growth over the years. Processes and functions have been improved resulting in considerable sales increase. In 2001, Coca Cola SABCO increased its shares to 61% and the company changed its name to the East Africa Bottling Share Company (EABSC).

Currently, East Africa Bottling Share Company is a Coca-Cola Franchise Bottler in Ethiopia under Coca-Cola Beverages Africa (CCBA) which is the anchor bottler in Africa currently operating in 13 countries servicing approximately 250 million customers

and employing more than 10,000 employees. East Africa Bottling Share Company has opened third production plant in Bahirdar in 2016. It also makes use of depots in Adama, Hawassa, Awash and Woldiya with an aggressive expansion plan throughout the country, alongside creating job opportunity to more than 1,600 employees. (Coca Cola Sabco, 2018n.d.)

East Africa Bottling Share Company produces a wide range of beverage products (SKUs) like Coca-Cola, Fanta (Orange, Pineapple & Strawberry), Sprite, Schweppes tonic and Coke Light. The company distributes its products through different channels mainly through Agents, Official Coca-Cola Distributors (OCCDs) and Depots to reach its consumers. Recently, in addition to the previous products, the Coca-Cola Company brings the refreshing taste of classic Coca-Cola without sugar to consumers in Ethiopia. Newly launched products; “Coke zero”, “Sprite no sugar”, “Fanta no sugar” and “Shewipes Novida”. These products have been already very familiar in global markets, where as in Ethiopia, they are only recently launched. Thus, the purpose of the study is to assess the effect of those specific new product development strategies on market leadership and sustainable existence of East Africa Bottling Share Company in Ethiopia.

1.3. Statement of the Problem

When organizational environment encourages new product development projects, the possibility of receiving required benefit of customers will be increase. This is possible when the company management be critical in selection of product development strategies. According to Soscia et al. (2009) since the success of new product depends on the benefit perceived by consumer by using innovative product, product differentiation strategy always support new product development projects

In fact, East Africa Bottling Share Company has long years of experience in designing a projects to produce new products and add value in existing products. In the year of 2019-2020, the Coca-Cola Company brings the refreshing taste of classic Coca-Cola without sugar to consumers in Ethiopia. The new products which have been introduced recently, being expected to increase level of satisfaction of the existing customers by creating more choices and attract new customers for other company's products.

Therefore, this study was intended to analyze the effect of new product development strategies on sustainable existence and market leadership. For this independent variables representing three new product development strategies (Product Differentiation, Cost leadership and rapid response) and a dependent variable represented by sustainable existence and market leadership.

1.4. Research Hypothesis

H1: There is a significant positive effect of product differentiation strategy on Market leadership and sustainable existence.

H2: There is a significant positive effect of cost leadership strategy on market leadership and sustainable existence.

H3: There is a significant positive effect of rapid response strategy on market leadership and sustainable existence.

1.5. Objectives of the Study

The study has General and Specific objectives.

1.5.1. General Objective

The general objective of this study was to identify the effect of new product development for sustainable existence and market leadership.

1.5.2. Specific Objectives

- 1.** To analyze the effect of Product Differentiation Strategy on market leadership and Sustainable Existence of East Africa Bottling S.C. Ethiopia.
- 2.** To examine the Effect of Cost Leadership Strategy on market leadership and sustainable existence of East Africa Bottling S.C. Ethiopia.
- 3.** To analyze the effect of Rapid Response Strategy on market leadership and sustainable existence of East Africa Bottling S.C. Ethiopia.

1.6. Scope of the study

This study has an objective of identifying the effect of new product development strategies on sustainable existence and market leadership, case of East Africa Bottling S.C in Ethiopia. Although the company has three plants in Ethiopia; Addis Ababa, Bahir Dar and Diredawa, this study was delimited to the company head office in Addis Ababa.

In addition, conceptually there are different factors affecting organizations' sustainable existence and market leadership. However, in this study the researcher's focus was only on the three new product development strategies; product differentiation, cost leadership and rapid response of management.

In general, the study delimited and analyzed the three product development strategies (product differentiation, cost leadership and rapid response) taking as an independent variables; and market leadership and sustainable existence as a dependent variables in East Africa Bottling Share Company.

1.7. Significance of the Study

This study will identify the effect of new product development strategies on sustainable existence and market leadership in East Africa Bottling Share Company. This will help management of the company in giving information about the effect of new product development strategies on sustainable existence and giving direction on how properly use the new products for keeping market leadership. This study will also help management of other companies by identifying practices in East Africa Bottling Share Company and their importance. The study will also be used as a source for further studies.

1.8. Limitations of the Study

East Africa Bottling SC in Ethiopia has three plants Ethiopia; Addis Ababa, Bahir Dar and Diredawa. In addition to those three sites, the fourth site, which is located at Sebeta is under construction. However; due to time constraint and finance the research focused on only in Addis Ababa. This limits to find more balanced response all over the country. Therefore, the researcher increased the number of sample size to get balanced response.

The feedback from Consumers of East Africa Bottling Share Company would have a great contribution to broaden the study. However, due to Global threat; COVID 19 pandemic, the researcher couldn't collect data from customers and distributors. Therefore, in sample selection process, more focus was given to the staff who have good contact with the customers. As a reason of COVID 19 pandemic, the researcher couldn't make the interview as it was planned, therefore, the researcher focused on increasing the quantity and quality of data collected by questionnaire in addition of using of secondary source.

1.9. Organization of the Thesis

The thesis is structured with five chapters. Chapter one includes: background of the study, statement of the problem, research questions, objectives of the study, significance of the study, and scope of the study. Chapter two covers theoretical literatures, empirical literatures and conceptual frameworks, which were relevant to the subject matter. Under chapter three, the methodology part of the study is being described in detail. The findings of the study is presented, analyzed and discussed in chapter four. Finally, in chapter five; summary, conclusions, and recommendations forwarded based on the findings of the study.

CHAPTER TWO: REVIEW OF LITERATURE

2.1. Definition and Concept of New Product Development

New products are the lifeblood of a company. As old products mature and fade away, companies must develop new ones to take their place (Kotler and Gary, A (1999), Companies that excel at developing and managing new products reap big rewards. Every product seems to go through a life cycle; it is born, goes through several phases and eventually dies as newer products come along that create new or greater value for customers.

2.1.1. New Product Concept and Definition

A new product is an asset by the company in the future if sets its place in the market as successful, so it is critical that any new product should be launched according to a plan and the success also ensuring Firms future sustainability (Azizi and Izyanti, 2009)

For adopting new product development Strategies Company should conduct a critical assessment on the environment. Mostly differentiation strategy has a positive impact on product success and hence results in economic success of an organization which leads towards firm's future sustainability (Meyer and Roberts, 1986). Same like cost leadership and rapid response strategies give the business high profit as well as good reputation in the market so these three strategies leads new product towards success and new product success ensures firms future sustainability (Juniad Khalid*and MuhammadAsadullah, 2011).

A product can be defined as a collection of physical, service and symbolic attributes which yield satisfaction or benefits to a user or buyer. A product is a combination of physical attributes say, size and shape: and subjective attributes image or quality. A customer purchases on both dimensions. (International Marketing; Sikkim Manipal University 2011).

2.1.2. Importance of New Product Development

From a strategic point of view, new products well agreed to the voice of the customer, with perceived technical superiority, developed within budget and launched ahead of the

competition provide real competitive advantages for the firm (Nikolaos, Erik, & Susan, 2012). According to Akpan, (2002) product policy of an organization is fundamental to the whole operation of the business.

According to Ewah, Ekeng, & Umanta (2008) new products are the life blood of companies, large or small. Proficiency in new product development, can contribute to the success of many companies. If companies can improve their efficiency at launching new products, they could double their bottom line Ewah, Ekeng, & Umanta (2008). It is necessary that companies developed new products to replace those that have become outdated or introduce completely new products that will be captivating before larger market. Marsh & Stock (2009) opined that new product development is a fundamental process for an enterprise and constitutes a basic source for revitalizing and improving firm's competitive advantage. Udegbe (2014) analyzed that new product development plan is mainly related to the business strategy, the organizational culture, partly the personnel skills, while management involvement does not necessarily have a statistically significant positive effect on the new product development plan.

2.1.3. Definition of New Product Development

According to Wong & Tong, (2012) new product development (NPD) in business and engineering is the complete process of bringing a new product to market. It can be development of original products, product improvements, product modifications, and new brands, (Kotler & Armstrong, 2010).

A new product is a multi-dimensional concept with need-satisfying capabilities not previously experienced by the stakeholders interested in its (Thomas, 1993). According to various authors of product innovation the newness is dependent on the perspective from which the product is viewed. Crawford (2003) also defined "a new product is one which is new to the firm". This definition means that the newness of a product is unaffected by the fact that other firms are marketing an identical product, or that consumers fail to perceive that the product is new, or that there are only minor changes in packaging or merchandising. According to this definition, an old product marketed under a new brand should be viewed as a new product. According to Cooper (1993) has defined "Newness" in two senses: New to the Company, in the sense that the firm has never made

or sold this type of product before, but other firms might have. New to the market of “innovative”: the product is the first of its kind on the market. NPD is the locus of the innovative potential of organizations.

Marsh, J., & Stock (2009) indicated that, the product life cycle present two major challenges. First, because all products eventually decline a firm must be good at development new products to replace aging ones (the challenge of new product development). Second, a firm must be good adapting its marketing in the face of changing tastes, technologies, and competition as products pass through stages (the challenge of product life cycle strategies).

Moreover, Marh. J explained that effective new product development has become the focal point of competitiveness in many industries particularly those where product life has shortened, competition increased on a global basis and customer demand for greater product variety has grown. The most successful companies consider some form of customer information in designing their products and services. After repeated examples of problems with product introductions, it is still striking that actual customer ideas are not usually the first step in the new product development process. - In the age of marketing concept and market orientation, even successful organizations work on a set of assumptions about customer wants, needs and circumstances. Thus, they tend to use distilled and derived information in creating new product offerings.

2.2. New Product Development in East Africa Bottling Share Company

2.2.1. Product History in the Company (Global)

Coco-Cola, the product that has given the world its best-known taste was born in Atlanta, Georgia, on May 8, 1886. Coco-Cola Company is the world’s leading manufacturer, marketer and distributor of non-alcoholic beverage concentrates and syrups, used to produce nearly 400 beverage brands. It sells beverage concentrates and syrups to bottling and canning operators, distributors, fountain retailers and fountain wholesalers. The Company’s beverage products comprise of bottled and canned soft drinks as well as concentrates, syrups and not-ready-to- drink powder products. In addition to this, it also

produces and markets sports drinks, tea and coffee. The Coca-Cola Company began building its global network in the 1920s. Now operating in more than 200 countries and producing nearly 400 brands, the Coca-Cola system has successfully applied a simple formula on a global scale: “Provide a moment of refreshment for a small amount of money- billion times a day.”

There are many factors that differentiate Coca Cola Company from its rivals such as: superior quality beverage products, beverages' taste, packaging, high brand image and recognition, the Coca Cola System, strong marketing capabilities, strong brand loyalty, and a strong global reach (refer to section 6.1. Broad differentiation).

- 1886: Dr. John Pemberton created the Coca Cola soft drink recipe (Coca Cola Company, About Us: Coca-Cola History, 2019). The company accountant Frank Robinson named the drink as “Coca Cola” (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1887: Coupons were used in order to promote Coca Cola (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1888: Dr. Pemberton sold the majority of his shares to Asa Candler (Coca Cola Company, About Us: Coca-Cola History, 2019).
- 1899: three entrepreneurs purchased the bottling rights from Asa Candler (Coca Cola Company, About Us: Coca-Cola History, 2019).
- 1904: Coca Cola advertisements appear in national magazines (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1912: The Company started its first expansion into Asia (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1915: A Contoured Coca Cola bottle was designed (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1925: Outdoors billboards were introduced as part of the advertising mix (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1926: The Company’s foreign department was established in order to supply the beverage concentrates to overseas bottlers (Coca Cola Company, 125 Years of Sharing Happiness, 2019).

- 1930: The Company's export corporation was established in order to market Coca Cola outside USA (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1938: The Company entered new regions, which are Austria, Australia, Norway, and South Africa (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1942: The Sprite Boy character was created (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1945: Coke becomes the registered trademark of the Coca Cola Company (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1948: Coca Cola was introduced in Egypt (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1950: Coca Cola broadcasted its first television commercial (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1955: Fanta Orange was introduced as the first new product that was distributed by the Coca Cola Company (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1959: The Company had a network of 1700 bottlers that were operating in more than 100 countries (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1960: Coca Cola acquired Minute Maid Corporation thus; adding a line of juice products to its portfolio (Coca Cola Company, 125 Years of Sharing Happiness, 2019). Minute Maid was Coca Cola Company's first acquisition outside of the carbonated beverage category (BUEHLER, 2019).
- 1961: Sprite, which is a lemon-lime drink; was introduced by the Coca Cola Company (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1963: The Coca Cola Company created Tab; it was the company's first diet drink (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1970: Coca Cola Company's first sports drink was introduced (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1975: Coca Cola Company introduced Georgia Coffee in Japan (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1979: the Mellow Yellow drink was introduced (Coca Cola Company, 125 Years of Sharing Happiness, 2019).

- 1982: Diet Coke was introduced in New York; it was the first extension of the trademarks Coke and Coca Cola (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1985: the formula for Coca Cola was changed for the first time in 99 years but then consumers protested and the original formula was returned to the market (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1990: Coca Cola was sold for the first time in East Germany after the removal of Berlin Wall. Also the company opened the World of Coca Cola Museum in Atlanta (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1992: The Company introduced Powerade (Coca Cola Company, 125 Years of Sharing Happiness, 2019). Coca Cola was sold for the first time in East Germany after the removal of Berlin Wall. Also the company opened the World of Coca Cola Museum in Atlanta (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1995: Barq's root beer was acquired (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 1999: Inca Kola and Schweppes beverages were acquired (Coca Cola Company, 125 Years of Sharing Happiness, 2019). Coca Cola Company launched its Dasani water brand (Garrett, 2004).
- 2001: Coca Cola Company and Nestle created a new company in order to market ready to serve tea and coffee beverages. Simply Orange brand was introduced. The company acquired Odwalla Inc. (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 2002: Vanilla Coke was introduced in the USA (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 2004: Diet Coke with lime was introduced (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 2005: Coca Cola Zero was introduced (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
- 2006: Coca Cola Company and Coca Cola FEMSA decided to acquire Jugos Del Valle Company. This acquisition would enhance the presence of the Coca Cola

- System in the non-carbonated beverage segment in Latin America (Coca Cola FEMSA, 2006).
- 2007: The Company acquired Energy Brands Inc., which is a company that produces the Smart-water and Vitamin-water (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
 - 2009: Simply becomes a billion-dollar brand (Coca Cola Company, 125 Years of Sharing Happiness, 2019). The company introduced the Coca Cola Freestyle technology “refer to section 8.2. Support Activities: Technology” (Nowak, 2018).
 - 2010: The Coca Cola Company acquired the entire North American bottling operations (Coca Cola Company, 125 Years of Sharing Happiness, 2019).
 - 2011: The Coca Cola Company bought the remaining shares of Honest Tea and this will give the company a strong position in bottled tea market (Geller, 2011).
 - 2013: Coca Cola Company acquired Zico beverages (The Coca Cola Company, ZICO™ Beverages Joins the Coca-Cola Family, 2013).
 - 2015: Coca Cola Company launched Fair Life milk brand (Wong, 2014).
 - 2017: Coca Cola Company and Nestle announced that their beverage partner’s worldwide joint venture will dissolve on January 2018 (Nestle, 2017). The company acquired AdeS, which is a soy-based beverage brand. The company introduced Topo Chico, which is a premium sparkling mineral water. Also, they introduced Barrilitos Aguas Frescas, which is a non-carbonated water. They introduced a new formula for their Coca Cola Zero beverage (The Coca Cola Company, 2017 Annual Review, 2017).
 - 2018: The announcement of Costa Coffee acquisition (Coca Cola Company, The Coca-Cola Company Completes Acquisition of Costa from Whitbread PLC, 2019).
 - 2019: The Coca Cola Company completed the acquisition of Costa Coffee (Coca Cola Company, The Coca-Cola Company Completes Acquisition of Costa from Whitbread PLC, 2019). The company also completed the acquisition of Chi Ltd. In Nigeria, which is a beverage company that produces juices and iced teas (Coca Cola Company, The Coca-Cola Company Completes Acquisition of Chi Ltd. in Nigeria, 2019). Economic logic:

2.2.2. Product History in the Company (Ethiopia)

Coca-Cola is the most recognized brand on the planet, a billion-dollar product sold in 206 countries. It has been in Africa since 1929, operates in nearly all of Africa's countries and is one of the continent's largest employers with almost 70,000 employees in 160 plants. It is a giant and Africans buy more than 35 billion bottles of Coke a year. What many people do not realize however is that no matter where in the world Coca-Cola is, its brands are produced, packed and distributed by bottlers, suppliers and retailers that are deeply rooted in the communities in which it operates. These are partners in the truest sense, sharing the same vision and mission. "Coca-Cola has ambitious plans for Africa," says Greig Jansen, CEO of Coca-Cola producer East Africa Bottling Share Company (EABSC). "It is investing several billion dollars in Africa over the next decade."

From time to time, the company increases the variety of its products in Ethiopia. In the words of Jansen "We employ over 1,500 people in Addis Ababa and Dire Dawa and produce 720 million bottles of soft drinks a year. "We are one of the top performing countries in terms of growth, profitability and efficiencies. In April last year, EABSC unveiled an eight-year, \$500 million investment plan, intended to boost its presence in the country by the year 2020. The plans will see it open a further three Ethiopian plants".

Multinationals cannot operate in Africa without ensuring that the communities in which they do business benefit and have a significant stake in those businesses, says Jansen. A recent survey conducted by the company found that for every one person directly employed by EABSC, another 10 were indirectly employed. If you do the calculation, it means Coke impacts the lives of nearly one million Ethiopians. "We have commissioned a study that says close to one million people make a living by distributing and selling Coca-Cola," Jansen says. Now is the time to invest. "Look at the statistics: something in the region of 90-100 million people live in the country and the population is growing fast. Ethiopia has one of the fastest growing economies in Africa and the world and the government is spending lots of money on infrastructure. There have been huge improvements on the road networks, electricity and in sectors like banking. All of the economy is growing. It is fantastic. I don't think you can overlook Ethiopia in terms of

investment. It is a very safe and stable country. Its location is ideal and the government is very interested in export."

Very recently the Coca-Cola Company introduced new classic sugarless Coca-Cola products in Ethiopian market. The company has a great expectation of high return on investment.

2.2.3. Types of newly Introduced products in Ethiopia

The new Coca-Cola without Sugar™ beverage features a new label design with texts “without sugar” displayed on the bottle to indicate that the new beverage does not contain any sugar. Under the company’s “One Brand” strategy, Coca-Cola without Sugar will still maintain the single trademark brand to show consumers Coca-Cola’s wide range of products is suitable for everyone. The launch of Coca-Cola without Sugar portrays the company’s continued investment and efforts to produce new products and provide choices for consumers in the country, looking for products without sugar.



Figure2.1: New Diet Cola ‘Coca-Cola, Sprite & Fanta without Sugar’

Source: (new business in Ethiopia: <https://www.foodbusinessafrica.com/2019/12/02/coca-cola-launches-diet-cola-in-ethiopia-to-expand-healthy-beverages-offering/>

The launch portrays the company’s continued investment and efforts to produce new products and provide choices for consumers in the country, looking for products without sugar. The new Coca-Cola without Sugar beverage features a label design with texts “without sugar” displayed on the bottle to indicate that the new beverage does not contain any sugar.

Coca-Cola’s Managing Director Daryl Wilson said, “What makes Coca-Cola without Sugar unique is that it has the great taste of Coca-Cola.” “We are proud to launch Coca-Cola without Sugar beverage, as an innovative product of our time, a without sugar product that Coca-Cola fans can enjoy.” In addition, Sprite and Fanta without sugar were also launched in the Coca-Cola without Sugar campaign.



Figure2.2: Coke zero, Coca-Cola without sugar

Source: (new business in Ethiopia: <https://www.foodbusinessafrica.com/2019/12/02/coca-cola-launches-diet-cola-in-ethiopia-to-expand-healthy-beverages-offering/>)

The Coca-Cola Company announced the official launch of Schweppes Novida Pineapple, a refreshing, new non-alcoholic, malt based beverage, with a uniquely crafted pineapple flavor, for the first time in Ethiopia.



Figure2.3 Schweppes Novida Pineapple

Source: (new business in Ethiopia: <https://www.foodbusinessafrica.com/2019/12/02/coca-cola-launches-diet-cola-in-ethiopia-to-expand-healthy-beverages-offering/>)

Schweppes Novida is the perfect alternative for non-alcoholics and the ultimate mixer for those that indulge in alcohol. The unveiling of Schweppes Novida Pineapple beverage portrays the company’s continued investment efforts to bring innovative and new products to provide more choices for consumers in the country. When asked about the launch of their new Schweppes product, Coca-Cola’s Managing Director Daryl Wilson said, “At Coca-Cola, we are dedicated to the continuous innovation of our products to meet the growing demands and beverage preferences of consumers.”

The launch of Schweppes Novida Pineapple is a significant milestone for Coca-Cola in Ethiopia as the company strives to introduce the first fruit-flavored, non-alcoholic premium malt drink to the Ethiopian market. The Coca-Cola brand manager, Tigist Getu stated, “We are very happy to bring Novida Pineapple to the Ethiopian market and we are confident that consumers will love the new great-tasting, malt beverage”. In conjunction with the launch event, the Coca-Cola Company will conduct an integrated multi-media marketing campaign to promote Schweppes Novida Pineapple, including product sampling to consumers to try the new malt beverage



Figure2.4: New Coca-Cola products without sugar launching ceremony

Source: (new business in Ethiopia: <https://www.foodbusinessafrica.com/2019/12/02/coca-cola-launches-diet-cola-in-ethiopia-to-expand-healthy-beverages-offering/>)

The Coca-Cola Company celebrates the official launch of Coca-Cola without Sugar, in Ethiopia, bringing the refreshing taste of classic Coca-Cola without sugar, to consumers. Since the product launch in the US, the Coca-Cola Company has conducted a global

expansion to launch Coca-Cola Without Sugar™, where the brand is currently being sold in 160 countries worldwide. The Coca-Cola Company uses innovative technology to develop the new Coca-Cola without Sugar, while maintaining the taste of real Coca-Cola, without sugar. In addition, Sprite and Fanta without sugar were also launched in the Coca-Cola without Sugar campaign. Coca-Cola Without Sugar™ represents the company's latest effort to bring beverages without sugar to Ethiopian consumers.

2.3. Market Strategies: General Overview

Marketing strategy is a long-term, forward-looking approach to planning with the fundamental goal of achieving a sustainable competitive advantage. Every business irrespective of its size needs to have definite goals in order to expand the business. These landed out goals will help the business sustain itself in the ever-growing competitive market and also to increase its sales. Marketing strategy is nothing but the pavement to define your goals so that you can direct your efforts in the right direction. A well-defined strategy should not only help you to achieve your goals but also, help you to reach the customer's goals and expectations from you.

A marketing strategy usually consists of some default points for its establishment. The most important of those being the organizational short-term and long-term goals. This is followed by analysis of the market the organization plans to establish its business into. For a service-based industry, targeting the relevant customers and expanding the client domain is of utmost importance. Also, making a SWOT (strengths, weaknesses, opportunities and threats) analysis of provided services or sold products will help the organization to analyses itself. A successful marketing strategy will create a win-win situation for both, customer and the organization. Needless to say, customer satisfaction will in turn increase the organization's brand value and create an edge over the competitor. It helps in creating a realistic plan of approach which states the methods to achieve the stated goals.

Once the strategy and plans are ready, the company cans search for ways to implement the plans making the process highly efficient. Most of the successful business establishments make optimum use of marketing strategy for increased profits. Beverage

industry forms a major part of total sales, both domestic and international, worldwide. With the continuous and dynamic demand of different beverages, having accurate marketing strategy is quite important for beverage industries. An example for such successful implementation of marketing strategy is Coca Cola.

The sales of bottles varied largely across the globe, highly depending upon various market factors as per the country. The major affecting market factors included: per capita income of the people and cultural& linguistic differences. In some countries, govt. policies led to either increase or decrease in sales. The varying geographical factors led to challenges in supplying the bottles at remote places. However, overcoming all the difficulties, Coca Cola managed to supply its bottles in every nook and corner. Presently, Mr. James Quincey heads the Coca Cola Company as a CEO, headquartered at Atlanta.

2.3.1. Marketing Strategy of Coca Cola

Marketing strategy in a nutshell maps an idea which forms the base of sustaining business keeping in mind the long-term benefits and competition in market. Marketing strategy is an idea which grows from the seed of value proposition enabling the company a step further over its competitors in terms of brand development and profit making. Its effects over the companies worldwide have astonished, especially over public-centric domains like automobiles, beverages etc. A soft drink giant, Coca Cola, is one such example which market aggressors since has been 1886.

On a wider scale, Coca Cola introduced five strategic actions to achieve its goals which are as follows:

1. **Market segmentation:** Market segmentation is a strategic method to divide the market based on volume and capacity of buyers and using appropriate methods to maximize sales and thereby, earning profits from each segment. Coca Cola used this technique to segment the market according to emerging markets, developing markets and developed markets since every country in the 200 plus countries play a crucial role in the growth. In emerging markets, the primary focus was on increasing the sales volume rather than profits so that it increased its customer domains and make a strong foundation for future business. This was made possible by selling beverages at economical rates so that higher no. of masses can enjoy it. In developing markets, a balance was made between volume

sold and pricing, whereas, in developed countries the focus was more on profit making by offering more small packages and premium packages like glass and aluminum bottles. In 2015, globally, price/mix rose 2 percent as did volume, helping increase organic revenue 4 percent. Coca Cola also gained worldwide value share in their industry.

- 2. Brand Establishment and Customer Relationship:** Brand establishment becomes vital while expanding an organization's portfolio. Consumers tend to trust a branded product and often spend an extra penny upon it rather than choosing an unheard product. Brand name is also viewed as a status quo in developed markets. Coca Cola made a right decision to invest in developing the brand value by improving and modernizing the advertisements by investing over \$250 million. These ads focused on creating an impact upon people and changed the perspective of Coca Cola from an occasional drink to an integral part of people's life. At the same time, investment was made to improve the position in energy drink category, juices and healthy drinks by making strategic partnerships with Monster Beverage Corporation, Suja (a line of premium organic juices), Fair life ultra-filtered milk etc. A major breakthrough took place in 2015 when Coca Cola developed its first global marketing campaign. The primary objective was to establish the „one-brand“ strategy to bring all its sub products under one brand name „Coca-Cola“. The slogan „Taste the Feeling“ launched in early 2016 emphasizes the refreshment, taste, uplift and personal connections that are all part of enjoying an ice-cold Coca-Cola. For the fitness-oriented consumers, it sent a broader message that they can enjoy Coca Cola by choosing an appropriate variety of drink with varying number of calories in caffeine.

3. Increasing financial efficiency

For any business, the ultimate goal is to have maximum returns for the investments with maximum productivity. In order to achieve this, financial efficiency plays an important role. Coca Cola made efforts to achieve financial flexibility by implementing a solution known as „zero-based work“- wherein annual budget is revised from zero and must be justified annually at the end rather than simply carrying over at levels established in the previous years. Also, savings were made by choosing to advertise carefully and cut down expenses in non-media marketing like in-store promotion. Overall \$600 million were realized by productivity improvement in 2015 which were further used in brand making,

business improvement and providing decent dividends to shareowners. The organization plans to use the same process to further increase the productivity and make continuous savings and treat it as a day-by-day process of becoming leaner and better.

4. Increasing process efficiency

An organization can be termed to be fully efficient when its process time is minimized without affecting the quality. Process time plays an important role when the demand is suddenly increased. Inefficient pre-planning and process planning will lead to disruption in supply of high demands. In a continuous evolving market with highly volatile consumer demands both in quantity and preferences, innovative supply chain markets, speed, precision and empowered employees decide the winner. Coca Cola took steps to reshape their business processes and searched for redundant areas. It removed a layer of functional management and connected our regional business units directly to headquarters. Further investigation led to removal of process roadblocks and barriers which finally made it faster, smarter and more efficient. Focus was also made to interact more with employees to make work a fun-filled, exciting and career fulfilling environment. Employees were motivated to nourish curiosity, learning, innovation and growth.

5. Focusing core competencies and business models

Coca Cola has developed a business model with portfolio including more than 500 brands ranging from sparkling beverages to value-added dairy and many more. Over a billion dollars annually are generated together by few of these in retail sales. It has managed to gather a variety of consumers thereby generating profits from all segments irrespective of market conditions. Its primary core competency has been the ability to manage a huge system of independent bottling partners and also acquiring a number of bottlers under its own. The primary aim has been to improve performance of bottling partners by increasing productivity, performance, optimizing manufacturing and distribution systems and finally refranchising the independence of bottling territories. All this effort finally creates value for retail and restaurant customers. In 2015, the organization took major steps in North America to make company-owned bottling territories independent. The plan was to refranchise the North America bottling system by end of 2017. A new unified

bottling partner was planned to set up in Western Europe and accordingly, a transaction was announced. Further, improvement and refranchising has been planned for bottling system in Southern Africa, East Africa, Indonesia and China.

Michael Porter (1985) developed a framework that outlines how firms might choose a business strategy in order to compete effectively. He argued that a firm must choose between competing as the lowest-cost producer in its industry (i.e., a cost leadership strategy) or competing by providing unique products in terms of quality, physical characteristics, or product related services (i.e., a product differentiation strategy).

The thesis analyze product development success based on the three strategies; Product differentiation, cost leadership and rapid response. For this research Porter’s Marketing Strategies is taken as a reference.

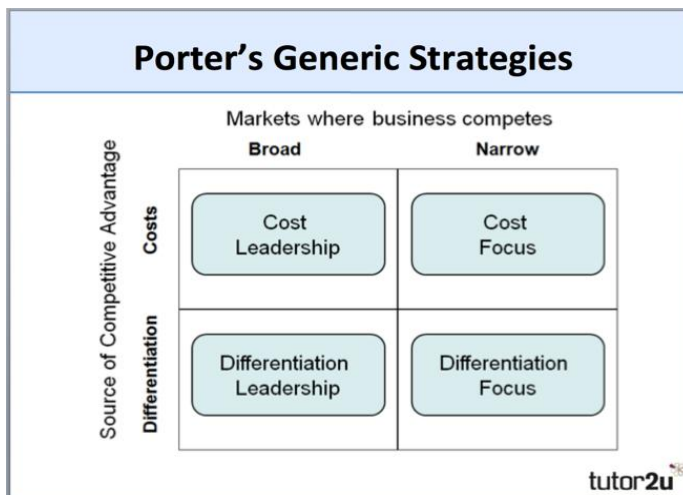


Figure 2.5: Porter’s Marketing Strategies

Source: (Porter’s model of generic strategies: <https://www.tutor2u.net/business/reference/porters-generic-strategies-for-competitive-advantage>)

2.3.2. Product Differentiation

In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price.

The Coca Cola Company follows a broad differentiation strategy. The company has superior quality beverage products, packaging, high brand image and recognition, the Coca Cola System, beverages' taste, strong marketing capabilities, strong brand loyalty, and a strong global reach (Vrontis& Sharp, 2003). In terms of beverages' quality, the company is considered one of the three top largest beverage companies in the world and this implies that the company's beverages' quality appeals to many consumers around the world (Delventhal, 2018). In terms of packaging, the company created the contoured Coca Cola bottle, which is considered as an asset that none of Coca Cola Company's rivals thought about (Vrontis& Sharp, 2003).

In terms of brand recognition, the Coca Cola Company's logo is recognized by many individuals in many countries around the globe. Moreover, the Coca Cola System differentiates the company from its competitors because the company has a strong value chain system that has a global presence. In terms of marketing capabilities, the company differentiates itself from its rivals through its strong marketing initiatives that reach many individuals around the globe. In terms of global reach; the company's beverages are present in more than 200 countries around the globe, customers and consumers recognize the company's brands and the brands appeals to many consumers' taste. By using this strategy, the company can charge a premium for its beverages. Finally, in terms of brand loyalty, there are many loyal customers and consumers for the Coca Cola brands around the globe.

2.3.3. Cost Leadership

In cost leadership, a firm sets out to become the low-cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average.

The generic strategy of focus rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. The focus strategy has two variants. In cost focus a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry. The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments. Cost focus exploits differences in cost behavior in some segments, while differentiation focus exploits the special needs of buyers in certain segments.

2.3.4. Rapid Response

The Company has six research and development centers around the globe. These centers are linked to external technology assessment and acquisition hubs; these hubs connect the company with technology startups, entrepreneurs, university researchers, and partners. Furthermore, the company believes that it must get closer to its consumers and be aware of what is happening in the world. Nancy Quan “who was the global research and development officer at the time, and is currently the global chief technical officer” said that the magic happens when things are connected internally and externally.

The research and development team are responsible for fueling innovation across beverages’ products, packaging, ingredients, and equipment. Moreover, each of the research and development centers work closely with the regional coke marketing teams in order to focus on certain areas of innovation, and address locally relevant needs (Moye, Rethinking R&D: How Coke Uses Its Global Scale to Take Innovations Further, Faster, 2013). Technology: The External Technology Assessment and Acquisition “ETA” program at Coca Cola Company believes that the company needs to connect and collaborate with the external technologies and innovation in order to foster its internal innovations. By doing this, the company would be able to maintain its competitive advantage in the market, and the company will be able to provide its consumers with products that match their chaining needs.

The process for searching for technologies that suit Coca Cola Company starts by examining the challenges that the company is facing. Then these challenges will be taken to external parties such as technology companies, research institutes, and universities in order to benefit from the minds that do not work for the company. Furthermore, the ETA team searches for any technology that would add value to the company, in terms of new delivering technologies, new beverage processing technology, new ingredients, and new packaging material. Some of the technologies that ETA team created were as follows: lumens Nano sensing technology and Merlin augmented reality technology (Tannert, 2014).

Fundamental dimensions of strategy a corporate strategy includes three important organizational considerations which are the why, the how and what of a strategy which are called the values, imitation and perimeter.

- **The Why of Strategy:** Value Coca cola derives their value from the taste of its beverages; it was and still is their most valuable aspect in their beverage. They try to ensure that all their beverages taste the same (Cola Zero, Diet Coke & Coke). Additionally, Coca cola are going towards "Value over volume" which is producing smaller cans/bottles so health conscious people can control their sugar intake (The Coca Cola Company, INTERACTIVE -- Coca-Cola System and Value Chain, 2018).
- **The How of Strategy:** Imitation An important aspect in a company's strategy is the uniqueness. It was hard for the companies trying to compete with Coca Cola, many beverage companies tried to copy their taste but didn't succeed. Coca cola have their secret recipe that can't be copied, still no one was able to find the secret ingredient that makes the taste much different. For Self-imitation, Coca cola should consider introducing snacks.
- **The what of Strategy:** Perimeter Coca cola serves their drinks globally and owns a variety range of products including soft drinks, mineral water, juice, energy drinks and ice teas. The below list includes the full range of their beverages Coca-Cola (Coke), Diet Coke, Coca-Cola Zero, Sprite, Fanta, Simply Orange, Del Valle, Powerade, Vitaminwater, Odwalla, Fuze Beverage, Dasani, Ciel, Smart water Honest Tea & Minute Maid.

2.4. New Product Development and Market Leadership

The economic success of firms depends on their ability to identify the needs of customers and to quickly create products that meet these needs. Achieving the goal of satisfying the needs of customers is not only a marketing problem, nor is it only a design problem or manufacturing problem; it is a product development problem involving all of these functions (Ulrich and Eppinger, 1995).

The process of identifying customer needs is an integral part of the larger product development process (Sethi, 2000) and is most closely related to concept generation, concept selection, competitive benchmarking and the establishing of product specifications (Kotler and Armstrong, 2009). A further reason for the continuing interest in NPD which is that new products can affect both the sales and profits of a company (Goulding 1983, Boo; Allen and Hamilton 1982). For example, Assael (1985) sees development activity as being related to profitability for the following reasons:

- a continuous flow of new products is needed in order to sustain growth
- the advantage of being first in the market with a new product
- The experience gained by continuous involvement in NPD.

Although some large companies within certain sectors do undertake continuous development activity in their quest for market leadership, this is not the case across all sectors and for companies of all sizes. Smaller organizations within very competitive sectors such as retailing may look for different ways to increase or keep their existing market share.

Further reasons for the need for new products are given by Goulding, who states that development projects can go some way in helping a company achieve some of the following objectives: (Goulding, 1983).

- moderation of single market dependence
- expansion of product range
- exploitation of market opportunities
- replacing obsolescent products

New products have impact on a product's life cycle. Each year, firms introduce many products that are basically refinement of existing products. So, a new product is one that is new, in any way, for the company concerned. A product can become "new" in many ways. A fresh idea can be turned into a new product – and can start a new product life cycle. For example, time-release skin patches are replacing pills and injections for some medications such as conception, rheumatism and arthritis (Perreault and McCarthy, 1996).

Identifying and developing new-product ideas – and effective strategies to go with them – are often the key to a firm's success and survival. But this is not an easy task. New product development demands effort, time, and talent – and still the risks and costs of failure are high. A new product may fail for many reasons. Most often, companies fail to offer a unique benefit or they underestimate the competition. Sometimes the idea is good, but the company has design problems – or the product costs much more to produce than was expected.

2.5. New Product Development and Sustainability Existence

Some authors state that new product development is important for organizations to strengthen their competitive advantage which is a basic requirement for companies' survival and growth (White 1976). According to white, the emergence of a formalized new product development function can be attributed to the needs of companies to maintain a competitive advantage in the markets in which they operate, this being a prerequisite for corporate survival and growth (White, 1976). White also states that new product development as a means of utilizing a company's strengths and changes in the marketing environment. "The decisive role of differential advantage has strong support in the business strategy literature". In general, there appears to be agreement that NPD activity can provide companies with protection against competitors in addition to increases in market share.

Belghis (2013) identified the effects that the technological new products have on services users' satisfaction. Data were analyzed by Structural equation modeling (SEM). The research findings supported the positive and significant effect of the ease of use, trust,

content and appearance of information and perceived usefulness on e-service users’ satisfaction. However, no significant relationship was found between citizens support with the users’ satisfaction of e-service quality.

Etsegenet (2018) Since the study confirm the adopted dimensions of NPD: perceived ease of use, reliability, trust, perceived usefulness and relative advantage have significant effect on customer’s satisfaction, banks should give strong emphasis to each dimensions in order to increase and maintain customer satisfaction. In addition, since the users are satisfied with the use of new products the bank is recommended to create awareness and to recruit more customers. Also it is necessary to make continuous follow up regarding the effectiveness of the new products.

2.6. Conceptual Framework

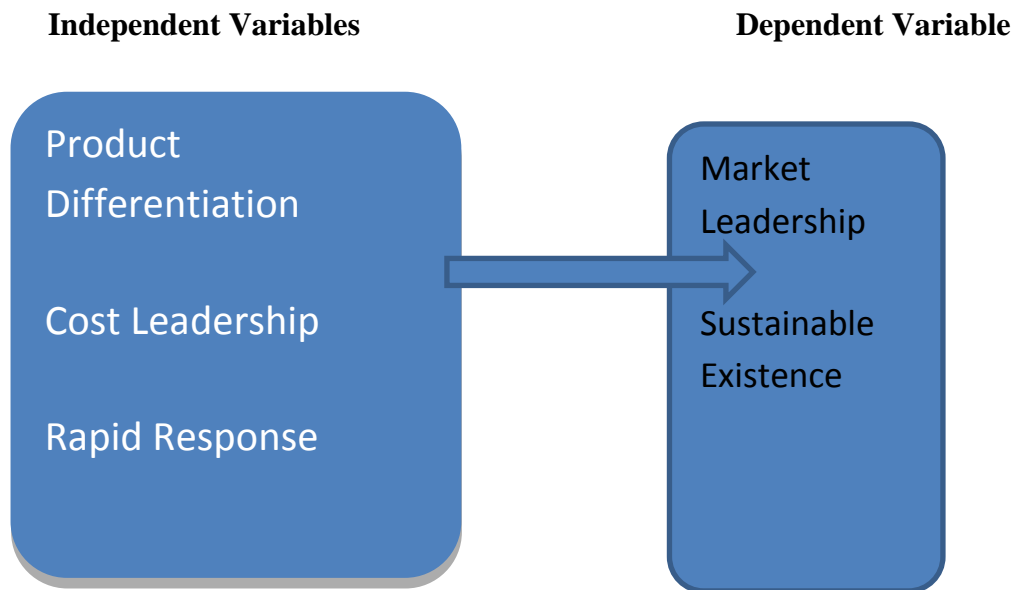


Figure 2.6: Conceptual Framework

Source: Juniad Khalid* and Muhammad Asadullah (2011) with some improvement by own construction (2020)

New product development is crucial to the company’s ability to provide high quality yet differentiated product and cost efficient services to its customers. East Africa Bottling

S.C. increasingly embraces the idea of systematically integrating differentiated product and cost efficient service into the daily operations of the company.

Measuring the new product development strategies is a well- documented topic over the years, various systems have been proposed to assess these strategies of which, not operating in a market system, cannot refer to profit or other performance indicators typically used in for profit make organizations.

The evaluation of new product development strategies and the inclusion of these dimensions within could be useful for company managers because it provides the opportunity to understand if and how the product or service contribute to improve company sustainability and market leadership success or effectiveness is critical to our understanding of the value of management actions and investments with regard to new product development.

The researcher therefore adopted a model, based on several dimensions, amid to investigate the effect of new product development strategies on sustainable existence and market leadership. And consequently, new product development has an impact on individual and organizational performance based on the above model which considers three dimensions.

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1. Research Design

The study was carried on the descriptive design in which both quantitative and qualitative data analysis was used to find richer and more complete information. The reason behind using descriptive study design is because the researcher is interested in describing the existing situation under the study. This study also used explanatory study design, to explain the relationship between variables and solve the research problem at hand.

3.2. Target Population

The population of the study was East Africa Bottling Company's staff at different levels of management; lower level, middle level and higher level management of the company. In addition to the management, other employees who were directly engaged in production, sales and marketing and financial activities were targeted to collect data from. The data collection was conducted in the course of this study in 2012 E.C.

3.2.1. Sampling Technique

This study used the purposive sampling techniques since the sampling units under the study have no equal chance being a sample. There are four types of non-probability sampling techniques, and among those this study used the purposive sampling techniques. From the total population to constitute a sample the population is accessed purposively during working hours

3.2.2. Sample Size Determination

In conducting researches that require taking a sample, there is the stage of deciding the sample size. Based on the above information, there are several formulas developed for sample size calculation that conform to different research situations. To determine the sample size and representative of the target population, the study used statistical

instrument formula. The following formula used for the calculation of the sample size since it is relevant to studies where a probability sampling method is used (Kothari,C.R., 2005).The sample size of study computed as follows the formula used in this research was adopted for estimating the sample size (n) provided by Yaro Yamane (1969, cited in Obasi & Ekwuem, 2011and Ermias, 2019).

$$n = \frac{N}{1 + N(e)^2}$$

Where n = sample size N= population, 1 = constant, e = error estimate (0 .1) at 90% confidence interval. For the population selection the average case seen in a week will be taken and from the company’s data base the average contacts in a day were 100 and four (4) working days of the company is taken for the purpose. Therefore, the number of samples taken from the population was $n=400/1+400(0.1)^2 = 80$. However, these sample respondents were approached over the course of three to four weeks.

3.3. Data Source

Primary Data source were the actual employees of East African Bottling S.C. The actual employees are the staffs, who were on duty from March to May, 2020. In addition to this, managers and section heads of Company were another primary source of data for the study. The secondary data sources included in the study are legislations, books & journal, different organizational document, and articles.

3.4. Type of Data and Collection Technique

In order to achieve the intended objectives, the data collection instruments were very important. The types of data were both primary and secondary and also the study was both quantitative (expressed in numerical form) and qualitative (expressed in the form of verbal descriptions rather than numbers).

The research instrument consisted of structured questionnaire. Thus, a questionnaire has six of those dimensions measuring the effect of new product development strategies; product differentiation, cost leadership, rapid response, on sustainable existence and market leadership. The Likert type scale ranging from, “strongly disagree” marked as 1, “disagree” marked as 2, “neutral” as 3, “agree” marked as 4, and “strongly agree” marked

as 5 that evaluated the responses. The questionnaire was developed in English and used for data collection purpose. The questionnaire has two major classes consisting of respondent's Demographic data about the employees and about measurement variables.

3.5. Variables of the Study

3.5.1. Dependent Variable (response variable):

It is a variable which depended upon or is a consequence of the other variable (independent variables). The dependent variables are market leadership and sustainable existence.

3.5.2. Independent Variables (explanatory variable):

It is the variable that is antecedent to the dependent variable and also a variables that stand alone and not changed by other variable. Product differentiation, Cost Leadership and Rapid Response are the Independent variables.

3.6. Method of Data Analysis

After gathering the necessary data, all necessary information was processed and analysis was properly implemented. The data then was processed using Statistical Packages for Social Sciences (SPSS) Software Version 20 and analysis methods included descriptive and inferential statistical techniques. Statistical analysis entails organizing data for description and decision-making. Depending on the data type, both descriptive and inferential statistics were used to analyze it. It describes the data with making inference or conclusion and summarizing sources of numerical data in to meaningful form.

3.7. Ethical Considerations

The respondents were informed about the objective and purpose of the study and verbal consent was obtained from each respondent. Confidentiality was assured and information was recorded secretly.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This Part consists of the presentation, analysis and the interpretation of data gathered through structured questionnaire. In addition to this, background information of respondents is presented. Finally, the statistical methods of analysis were discussed, which included a descriptive analysis, a correlation analysis, and a multiple regression analysis through SPSS version 20.

4.1. Data Presentation

4.1.1. Coding

The measurement dimensions/items are main variables used in this study and they were coded in order to ease the analysis of data collected. Also, demographic information was collected from respondents and these variables were coded as well for analysis. Here is the coding of the variables for analysis.

Table 4.1: Measurement Dimensions/Items

Variables	Code	Number of Items
Demographic Information	(DM)	1-5
Product Differentiation	(PD)	1-6
Cost Leadership	(CL)	1-6
Rapid Response	(RR)	1-5
New Product Success	(NPS)	1-6
Market Leadership	(ML)	1-7
Sustainable Existence	(SE)	1-8

4.1.2. Reliability Coefficient Discussion

The internal consistency of the measurement dimension items was assessed by computing the total reliability scale. The total reliability scale for the study is above 0.872. This reliability value for the study is substantial considering the fact that the highest reliability that can be obtained is 1.0 and this is an indication that the items of the six dimensions are accepted for analysis.

Tables below showed the reliability scale for all six dimensions and also, the reliability scale for each dimension calculated when each item is deleted from the dimension in order to see if the deleted item is genuine or not. In case Cronbach's alpha for a dimension increases when an item is deleted it shows that item is not genuine in that dimension. From tables below, it can be realized almost all the items showed a lower value of reliability.

Looking at the reliability coefficients of all six dimensions on tables below, these dimensions showed coefficients higher than 0.8, meaning the dimensions comprising of various items show a true measure of the relations between new product development and sustainability and market leadership.

Table 4.2: Reliability for Product Differentiation question items (PD)

Scale: ALL VARIABLES

Case Processing Summary

	N	%
Valid	80	100.0
8Cases Excluded ^a	0	.0
Total	80	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.868	6

Table 4.3: Reliability for Cost Leadership question item (CL)

Scale: ALL VARIABLES

Case Processing Summary

	N	%
Valid	80	100.0
Cases Excluded ^a	0	.0
Total	80	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.937	6

Table 4.4: Reliability test for Rapid Response question items (RR)

Scale: ALL VARIABLES

Case Processing Summary

	N	%
Valid	80	100.0
Cases Excluded ^a	0	.0
Total	80	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.938	6

Reliability test for all question items

Case Processing Summary

		N	%
	Valid	80	100.0
Cases	Excluded ^a	0	.0
	Total	80	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics for all question items

Cronbach's Alpha	N of Items
.872	38

4.1.3. Socio Demographic Data

Eighty (80) questionnaires were distributed to respondents and all the questionnaires (Self-administered questionnaire) were collected with a response rate of 100%. Hence, responses were valid with complete answers. The demographic characteristics include: gender, age, level of education, work experiences and job positions of respondents. The demographic part of the analysis was dealt with the personal data on the respondents of the questionnaires given to them. The table below shows the details of background information of the respondents.

Table 4.5: Demographic Data of Respondents

Measurement Items	Options	Frequency	Percent
Gender	Female	30	38
	Male	50	62
	Total	80	100.0
Age	18-35	42	53
	36-55	30	37
	Above 55	8	10
	Total	80	100.0
Level of Education	Illiterate up to grade 12	-	-
	Certificate and Diploma	16	20
	First Degree	34	42
	Master and Above	30	38
	Total	80	100.0
Work Experience	Less than a Year	12	15
	Less than 2 years	24	30
	3 to 4 years	44	55
	Total	80	100.0
Job Location	Logistics	21	26
	Sales and Marketing	38	48
	Production	17	21
	Other Administrative Job	4	5
	Total	80	100.0

Source: Survey Result (2020)

In the above table: table 4.5 demographic data table shows that, out of 80 respondents, 38% (30) are females and the remaining 62 % (50) were males. As far as age of

respondents is concerned, 10% of the respondents are in the range of above 55 years, 37% of the respondents are in the range of 36-55 years, 53% are in the range of 18-35 years. In addition on educational background Majority of the respondents are degree holders with 42% numbers and proceeded by MA and above of 38%. The third one is 20% for educational qualification Diploma and certificate holders, respectively. The table 4.3 above indicates that 15% of respondents had less than one year experience as an employee. Those of respondents 30% of them had less than two (2) years experiences and 55% respondents 3 to 4 years of work experience with East African Bottling S.C., respectively.

From the above table it shows that work sections of Sales and Marketing staff utilized 48%. Logistics and production aggregately utilized 47% percent of respondents leaving a small 5% for other administrative staff members. Therefore, responses for the effect of new product development on sustainability and market leadership are related with the actual operation of East Africa Bottling S.C.

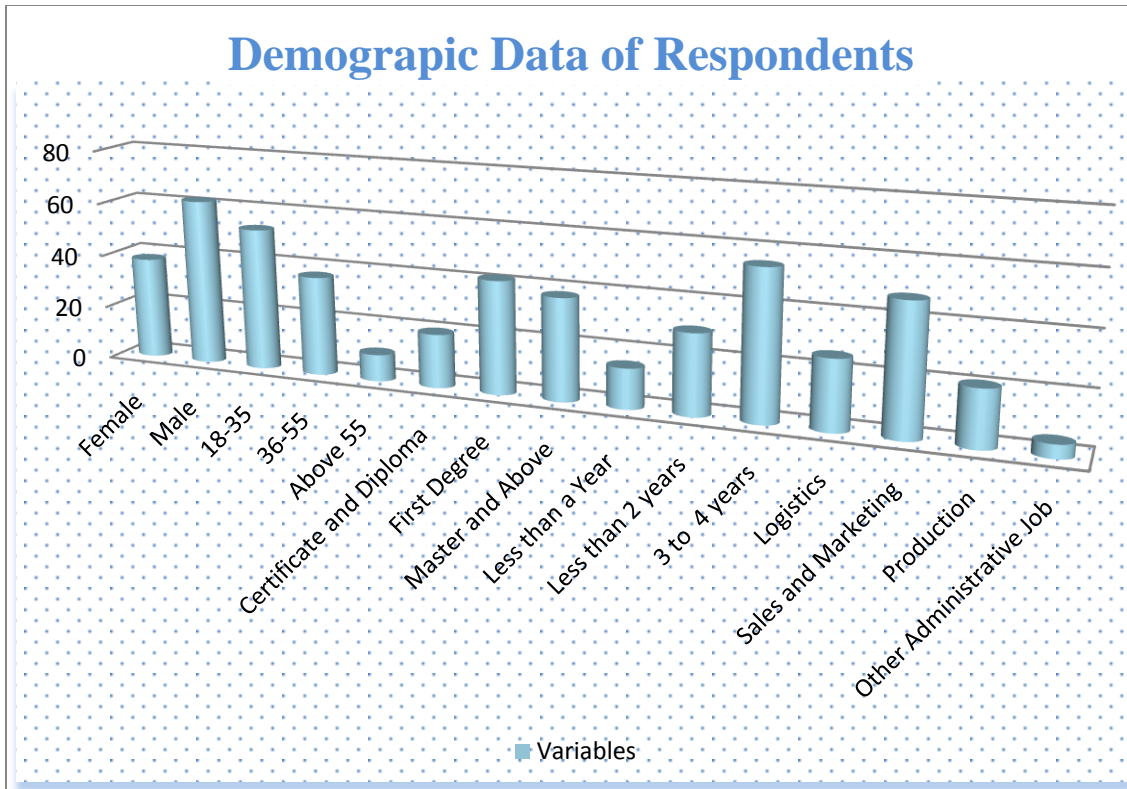


Figure 4.1: Demographic Data of Respondents

4.2. Data Analysis and Interpretation

4.2.1. Descriptive Analysis

The model this study used as the main guide for structured questionnaire was to collect data accurately on the employees' expectations and perceptions of the effect of new product development strategies on sustainable existence and market leadership. The researcher used the six dimensions (Product Differentiation, Cost Leadership, Rapid Response, New Product Success, Market Leadership and Sustainable Existence). As it was thematically categorized on questionnaire considering the results for the individual question of variables are discussed below individually.

4.2.2. Effect of Product Differentiation Strategy on Sustainability and Market Leadership.

The study sought to find out the Impact of differentiation strategy on the sustainability of East African Bottling S.C. (EABSC).

Table 4.6: Effect of Product Differentiation Strategy on Sustainability and Market Leadership

Measur ement	Items	Respondents Response (%)					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Average Mean
No.	Product Differentiation Variables						
PD1	East Africa Bottling Share Company has well organized research and development department with qualified staff.	4.5	11.4	15.0	51.7	16.4	3.68
PD2	East Africa Bottling Share Company use market research methods developed to help marketing and product managers to predict the likelihood of a new product's acceptance in the marketplace	3.6	2.6	8.3	38.8	46.7	4.24
PD3	New Product of East Africa Bottling Share Company full fills customer requirement and the customers can get perceived benefit from this product.	3.2	5.1	13.5	35.7	43.6	4.10
PD4	New Product of East Africa Bottling Share Company contains good quality and it is targeted on deep knowledge of customer need.	7.3	13.0	17.6	45.7	32.7	3.66
PD5	New Product of East Africa Bottling Share Company has some new feature from existing products in the market.	1.8	2.4	2.6	44.2	51.1	4.52

PD6	Maintaining a reputation for leadership requires continual performance improvement and innovation	3.8	10	22.3	42,3	21.5	3.72
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Source: Survey Result (2020), April- May

As it is shown in table 4.6 above, 51.7% agreed that EABSC offers products/services that are different from its competitors while 38.8% agreed that EABSC offer customer friendly packaging for its products. 35.7% concurred that EABSC offer standardized products than their competitors while 45.7% agreed all of the EABSC that they deals with are measure differentiation strategy and firm Competitiveness, it is important to note that the mean of the items ranged between 3.66 – 4.52.

As indicated in Table 4.6 meaning that majority of the respondents were in agreement with the statements. One of the items had a mean of 3.66; this may be as a result of the respondents not being sure whether the company followed action of their competitors as there may be no such information available to them to respond sufficiently to the question. The meaning is that the responses are not much dispersed from each other hence converging towards the expected feedback as also seen in Table 4.6.

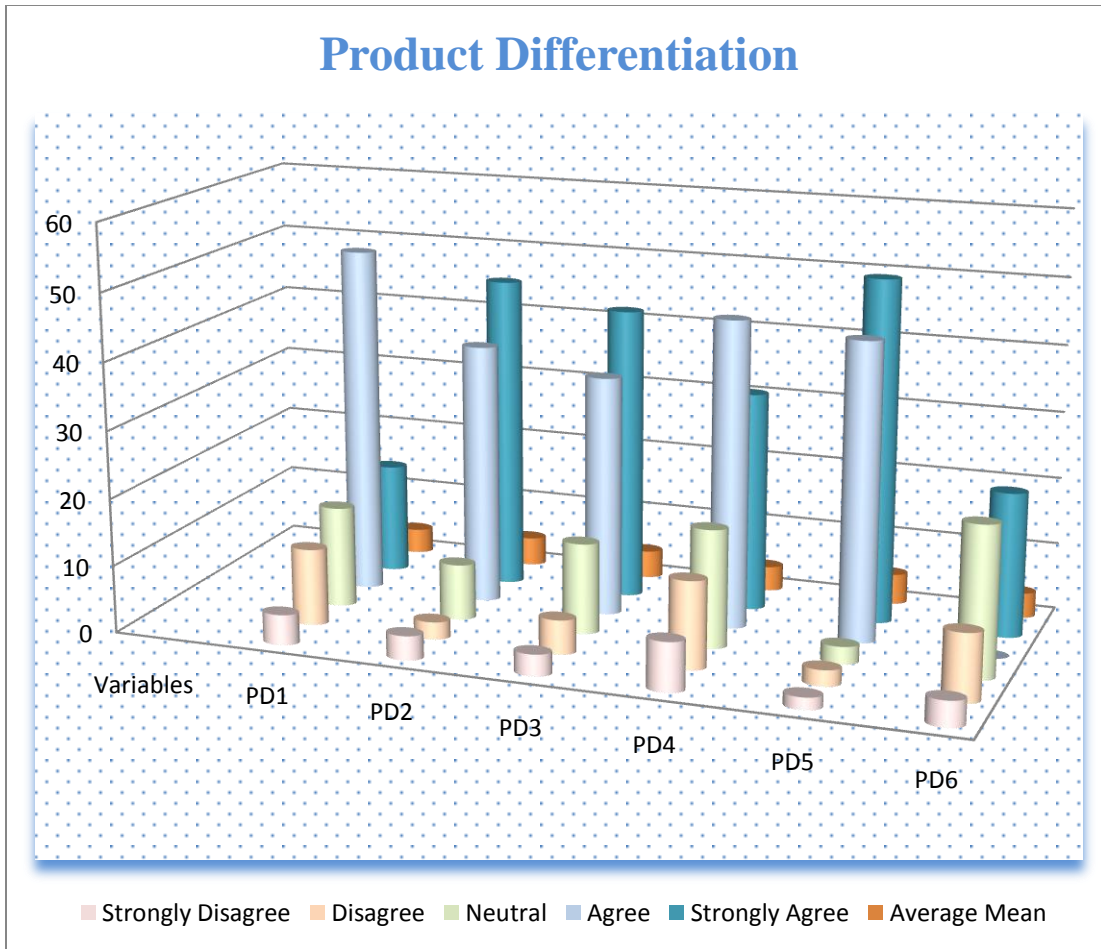


Figure 4.2: Effect of Product Differentiation Strategy on Sustainable Existence and Market Leadership

4.2.3. Effect of Cost Leadership Strategy on Sustainable Existence & Market Leadership

Using a five-point Likert scale, the study sought to know respondents' level of agreement on various statements relating to cost leadership strategy in relation to firm Competitiveness adopted by EABSC. Descriptive statistics such as frequency, percentage, mean and standard deviation were jointly used to summarize the responses as presented in Table 4.5 below

Table 4.7: Effect of Cost Leadership Strategy on Sustainability & Market Leadership

Measurement	Items	Respondents Response (%)						
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Average Mean	
No.	Cost Leadership Variables							
CL1	East Africa Bottling Share Company using the strategy to reduce cost of New Product Development process.	4.0	2.4	5.0	43.5	43.4	4.31	
CL2	East Africa Bottling Share Company increase the profits and make cost as competitive advantage.	3.0	4.2	6.1	38.4	52.7	4.29	
CL3	Prices of new products of East Africa Bottling Share Company are customer focused	1.0	3.6	9.1	39.4	46.9	4.21	
CL4	The current price of East Africa Bottling Share Company on new products is appropriate.	2.4	5.4	10.9	43.0	38.2	4.10	
CL5	The current prices of new products of East Africa Bottling Share Company are more expensive than other Products.	3.2	2.8	11.3	46.8	35.8	4.07	
CL6	Prices for new products are clearly stated to minimize customer dis satisfaction.	3.4	0.0	6.6	40.9	49.1	4.33	

The study findings showed that 43.5% of the respondents agreed that EABSC continuously seeks to reduce prices without sacrificing its products' essential features or acceptable quality as indicated by a mean of 4.31. When asked to state how they charged for their product/services compared to other competing firms, the respondents agreed that EABSC price is low because its products are own manufactured using a state of the art facility as accounted for by mean of 4.33 while 43.0% of respondents also agreed that EABSC products are affordable /economical and of good value than their competitors. The rest of the analysis is shown in Table 4.7 above.

From the findings of the study, it is further noted that responses to the statements used to measure cost leadership strategy ranged between the mean of 4.07 – 4.33 as reflected in the above table. This shows that majority of the respondents were in agreement with the statements that were used to measure cost leadership strategy. It could then be deduced that the responses to the items were not deviating much from the expected responses.

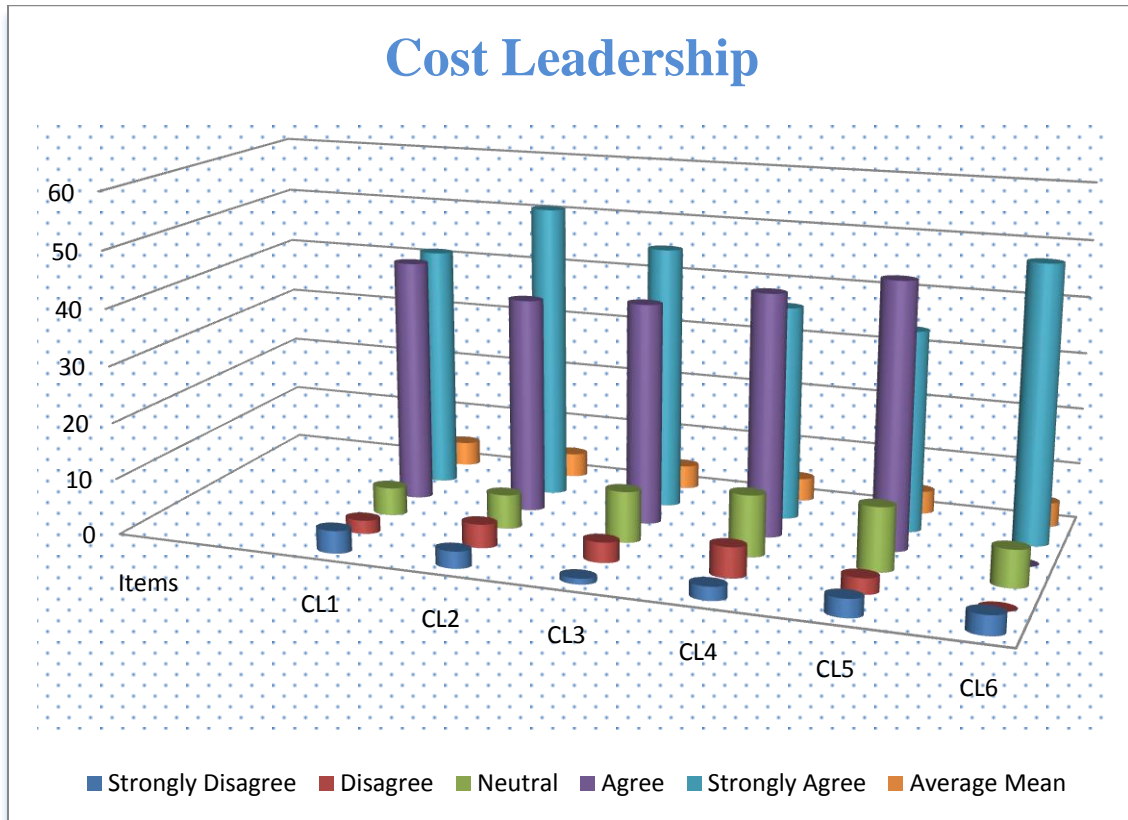


Figure 4.3: Cost Leadership Strategy on Sustainability and Market Leadership

4.2.4. Effect of Rapid Response on Sustainability and Market Leadership

The third objective of the study sought to find out the influence of rapid response strategy on the sustainable existence and market leadership of EABSC. Respondents were asked to indicate on a five-point Likert scale their level of agreement on several statements describing the rapid response strategy in relation to firm sustainability and market leadership. Top-level management is committed to provide organizational support for

change, generates enthusiasm, provides a clear vision of the product concept and assures sufficient allocation of various resources. Top-level managements are open-minded, supportive, and professional also give a direct order and timely based decisions in order to speed up the new product development process.

Table 4.8: Rapid Response Strategy on Sustainability and Market Leadership

Measur ement	Items	Respondents Response (%)					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Average Mean
No.	Rapid Response Variables						
RR1	Top-level management is committed to provide organizational support for change, generates enthusiasm, provides a clear vision of the product concept and assures sufficient allocation of various resources.	3.8	4.6	7.9	34.9	48.7	4.25
RR2	Top-level managements are open-minded, supportive, and professional also give a direct order and timely based decisions in order to speed up the New product development process.	4.8	6.0	11.0	43.4	34.8	4.02
RR3	Top level management of East Africa Bottling Share Company is committed to introducing new product to the market.	1.7	3.7	5.3	43.2	46.1	4.25
RR4	The management assesses consumers' reactions to a new product concept, and identifying important product attributes.	1.2	3.1	9.0	52.2	34.5	4.28
RR5	East Africa Bottling Share Company establishes cross-sector external stakeholder panel to review and provide critical assessment on periodical sustainability reporting.	1.6	3.8	17.5	45.0	32.1	3.96

Source: Survey Result (2020)

The findings in table 4.8 revealed that 86% strongly agreed that Top level management is open-minded and committed to provide organizational support for change, generates enthusiasm, provides a clear vision of the product concept and professional to give

direction and decision making, , while minority 8.6% were strongly disagreed. that they served specific market and emphasized on distinct respondents needs and preferences. For Top level management of East Africa Bottling Share Company is committed to introducing new product to the market variable; 46.1% of respondents strongly agreed while 1.7% strongly disagreed. The management assesses consumers' reactions to a new product concept, and identifying important product attributes 52.2% agreed on the issue while only 1.2% strongly disagreed. From the finding, 45.0% of the respondents were agreed on the variable which stated as East Africa Bottling Share Company establishes cross-sector external stakeholder panel to review and provide critical assessment on periodical sustainability reporting, while only minority 1.6% of the respondents strongly disagreed.

From the analysis of the means, it can also be noted that the means of all the items used to measure rapid response strategy are in the range of 3.96 – 4.28 as shown in Table 4.8. This implies that the items used were appropriate in measuring the variable since the respondents are all in agreement with the statements given. The meaning is that the responses were not much dispersed from the expected feedback.

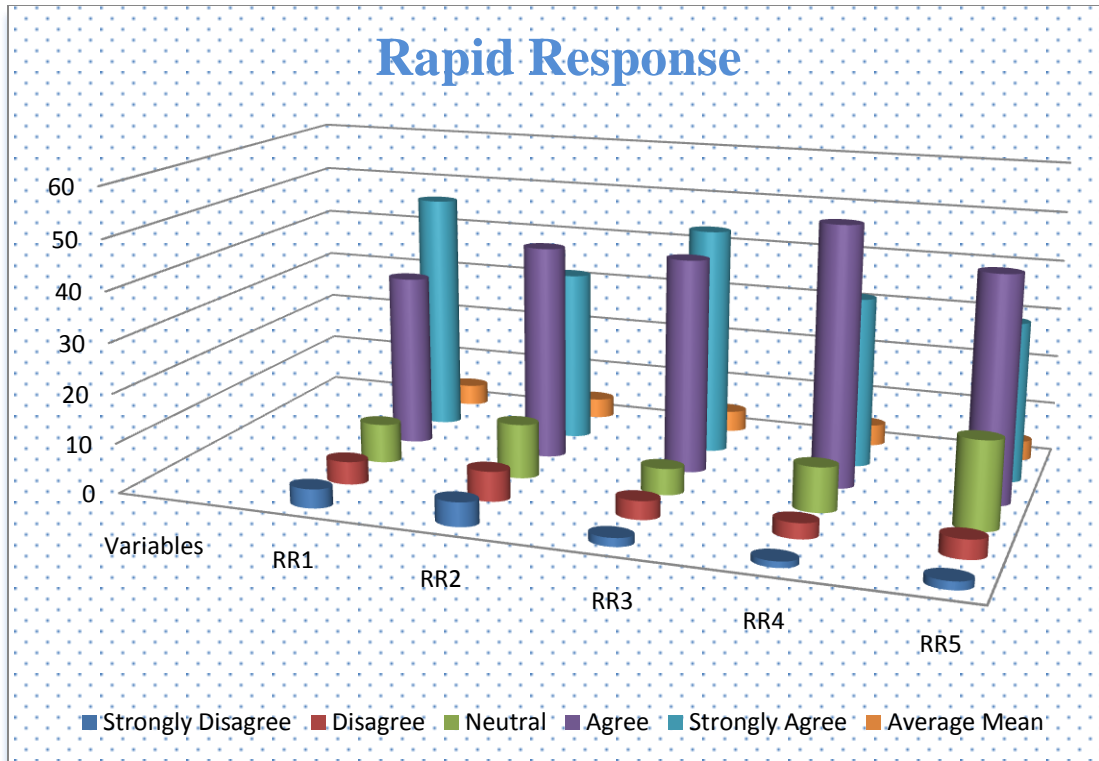


Figure 4.4: Rapid Response Strategy on Sustainability and Market Leadership

4.3. Effect of New Product Development Success on Sustainability and Market Leadership

New products of East Africa Bottling Share Company have the power to attract potential new customers. New customers become willing and joining to purchase East Africa Bottling Share Company’s products due to the role of new products. New developed products increase the company market share through developing the loyalty of existing customers. New Products of East Africa Bottling Share Company provides consumers with many options which allow them to have clearer choices on the type of product they want. A prototype of the new product is evaluated before full commercialization to the market. For all new product success question items majority respondents (>80%) and with a mean of above 4.0 confirmed a positive impact as shown in Table 4.9 below.

Table 4.9: Effect of New Product Development Success on Sustainability and Market Leadership

Measure ment	Items	Respondents Response (%)					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Average Mean
No.	New Product Success Variables						
NPS1	New products of East Africa Bottling Share Company have the power to attract potential new customers.	4.2	1.4	15.0	46.7	32.7	4.19
NPS2	New customers become willing and joining to purchase East Africa Bottling Share Company's products due to the role of new products.	1.8	2.6	11.3	30.9	53.4	4.34
NPS3	New product development increases the company market share through developing the loyalty of existing customers.	1.1	3.7	10.0	38.10	46.7	4.22
NPS4	New Products of East Africa Bottling Share Company provide consumers with many options which allow them to have clearer choices on the type of product they want.	2.4	3.6	14.6	43.8	45.5	4.10
NPS5	A prototype of the new product is evaluated before full commercialization to the market.	1.5	3.1	10.8	52.3	32.3	4.1
NPS6	New Product Development Team gives more concern on idea generation in order to come up with a new products idea that can build its capability and competitiveness in the market.	0.8	2.3	11.5	50	35.4	4.2

Source: Survey Result (2020)

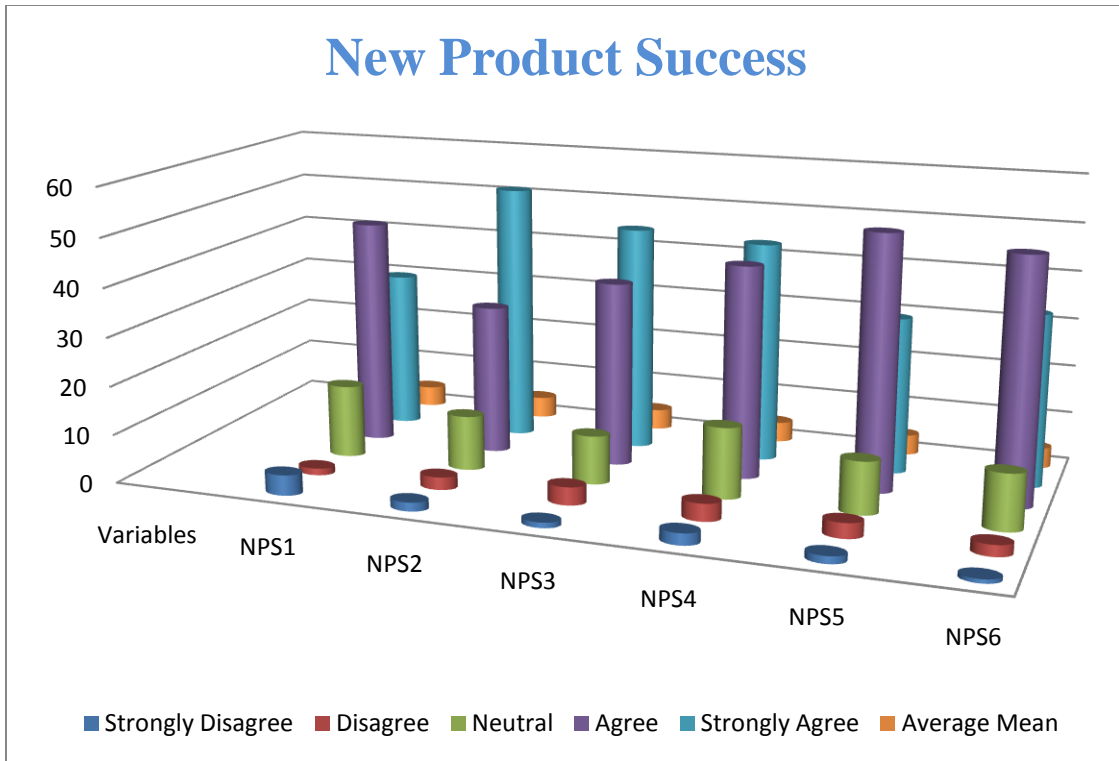


Figure 4.5: Effect of New Product Success on Sustainability and Market Leadership

4.4. Performance of Market Leadership

The study findings on firm's market leadership revealed that 74.4% either agreed or strongly agreed that EABSC products are of high quality in the Ethiopian market. 88.4% of the respondents agreed that the quality of EABSC products meets their expectations and 51.1% agreed that the Distribution Channels used by EABSC are efficient and reliable. Majority of respondents supported the fact that EABSC offers products that are user friendly as show by 88.4% and that its distribution team is knowledgeable and highly experienced on dealing with the products and customers as indicated by 70%.

Table 4.10: Performance of Market Leadership

Measurement	Items	Respondents Response (%)					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Average Mean
No.	Market Leadership Variables						
ML1	East Africa Bottling Share Company sales and revenue is increasing due to the role of New Products developed.	4.1	1.2	20.0	41.0	33.4	4.04
ML2	New products help East Africa Bottling Share Company to compete on new product category.	2.7	1.5	8.3	37.5	50.9	4.36
ML3	The development of new products enhanced the competitive advantages.	1.2	6.0	5.3	39.6	47.9	4.23
ML4	East Africa Bottling Share Company with the new developed products has made reasonable market expansion to new geographical area.	6.1	4.8	11.4	42.5	35.2	3.95
ML5	East Africa Bottling Share Company has strong marketing initiatives on the existing market and this makes a competitive advantage for the company.	1.6	8.5	14.7	53.5	21.7	3.94
ML6	East Africa Bottling Share Company creates many marketing campaigns/initiatives in order to attract more customers and to increase sales volume.	1.5	10.8	17.7	47.7	22.3	3.87
ML7	East Africa Bottling Share Company orientation towards customers or competitors is likely to influence how they respond to changes in the market place.	0.8	3.1	14.6	50.8	30.8	4.17

Source: Survey Result (2020)

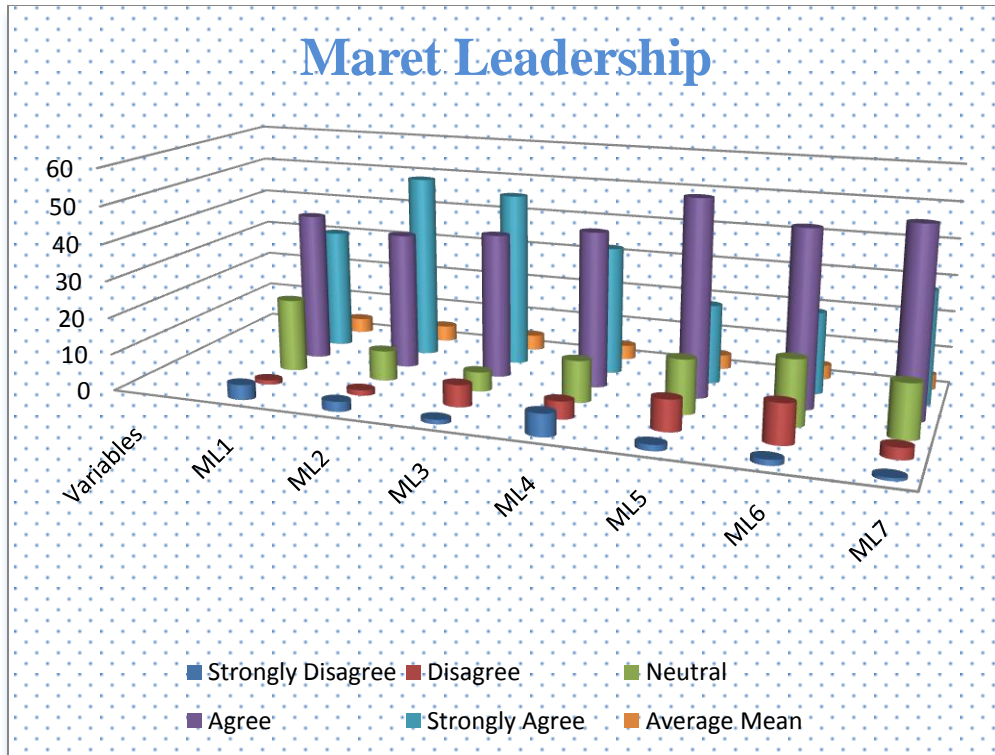


Figure 4.6: Performance of Market Leadership

The results of regression analysis showed that cost leadership, differentiation and rapid response strategies combined had significant positive relationship with company's competitiveness and sustainability. This finding supports Porter's generic Model assertion that strategy selection by itself does not necessarily lead to improved firm market leadership and competitiveness. This means that manufacturing firms wanting to achieve superior market share and sustainability should align their strategies to changes happening in larger environment and look for other ways to cope with competition as competitiveness of a firm is not only determined by the choice of competitive strategies as revealed by the study findings.

The rest of the analysis is shown in the above table, Table 4.10. From the results of the means of the items, it can be noted that all the means fall within the range of 3.87 – 4.36. This implies that majority of the respondents agreed with the statements hence implying that the items well captured the element of competitiveness. The meaning is that the responses are not very much dispersed from each other. Based on the results shown in

Table 4.10, competition in the industry is high therefore the quest to develop and sustain market leadership strategies by East African Bottling S.C. Ethiopia can be attributed to the high level of competitive intensity in the industry.

4.5. Achievement of Sustainable Existence

There is a group of clearly defined processes or methods used to search important knowledge among different knowledge management operations. There is clear flow and easy access of knowledge between the supplier and user in the development of new products. There is an Integration b/n internal and external knowledge management system. New Product Development teams frequently participate, integrate employees from different departments and give opportunities for simplification and parallel. East Africa Bottling Share Company has a wide-ranging geographical reach covering a diverse mix of communities and cultures. East Africa Bottling Share Company has established a strong level of trust with stakeholders and the communities it serve and the company has built competitive advantage by developing strong ‘people’ capabilities. East Africa Bottling Share Company has established a strong level of trust with stakeholders and the communities it serve and the company has built competitive advantage by developing strong ‘people’ capabilities. East Africa Bottling Share Company carefully examining and building upon fundamental strengths of the company.

Table 4.11: Achievement of Sustainable Existence

Measur ement	Items	Respondents Response (%)					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Average Mean
No.	Sustainable Existence Variables						
SE1	There is a group of clearly defined processes or methods used to search important knowledge among d/t knowledge management operations.	1.5	0.8	4.6	44.3	48.9	4.4

SE2	There is clear flow and easy access of knowledge between the supplier and user in the development of new products.	4.6	8.4	27.5	35.1	24.4	3.7
SE3	There is an Integration b/n internal and external knowledge management system.	0.8	2.3	15.6	58.6	22.7	4.0
SE4	New Product Development teams frequently participate, integrate employees from different departments and give opportunities for simplification and parallel.	3.8	8.5	14.6	56.9	16.2	3.7
SE5	East Africa Bottling Share Company is committed to excellence and to deliver superior value.	1.5	17.6	20.6	41.2	19.1	3.6
SE6	East Africa Bottling Share Company has a wide-ranging geographical reach covering a diverse mix of communities and cultures.	0.0	3.8	6.9	63.8	25.4	4.1
SE7	East Africa Bottling Share Company has established a strong level of trust with stakeholders and the communities it serve and the company has built competitive advantage by developing strong ‘people’ capabilities.	0.8	13	20.6	47.3	18.3	3,9
SE8	East Africa Bottling Share Company carefully examining and building upon fundamental strengths of the company.	7.6	9.9	16	52.7	13.7	3.5

Source: Survey Result (2020)

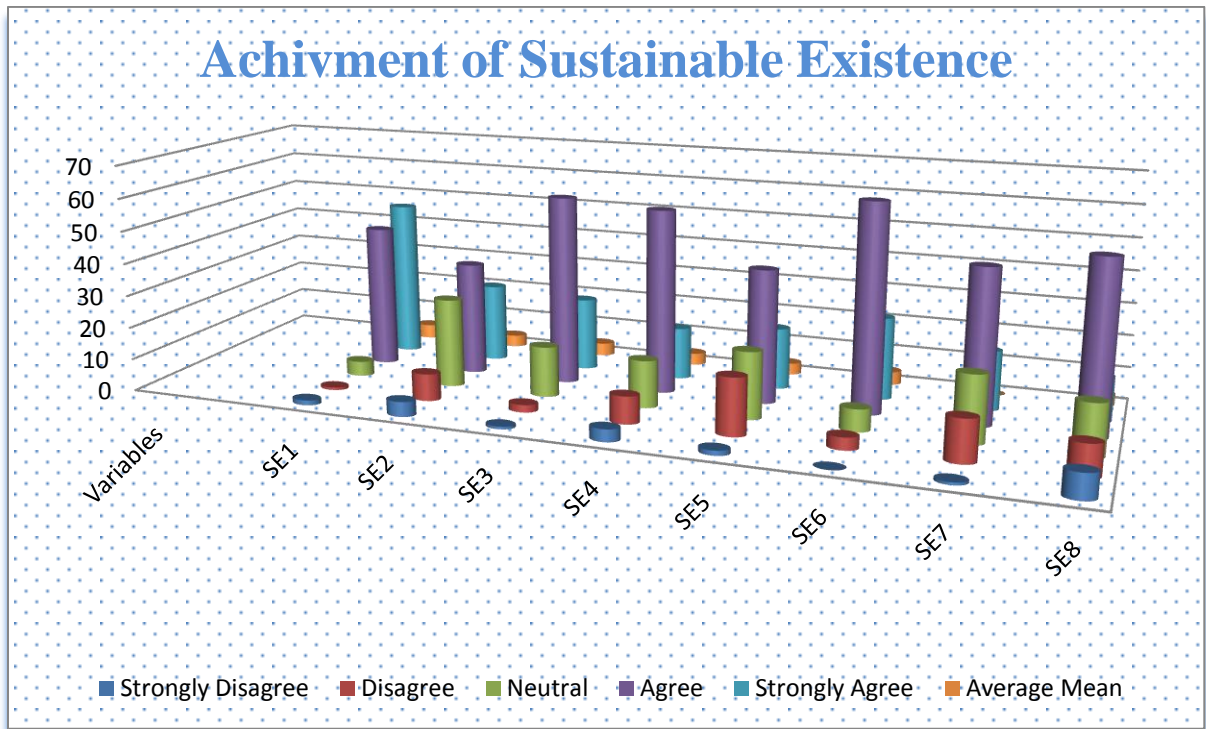


Figure 4.7: Achievement of Sustainable Existence

Correlation and multiple regression analyses were conducted to examine the relationship between new product development strategies. The below tables 4.11 summarize the descriptive statistics and analysis results. As can be seen each of the GRE scores is positively and significantly correlated with the criterion, indicating that those with higher scores on these variables tend to have higher and positive significance between new product success strategies.

Pearson correlation analysis was conducted to examine the relationship between the variables. The correlation coefficient value (r) range from 0.10 to 0.29 is considered weak, from 0.30 to 0.49 is considered medium and from 0.50 to 1.0 is considered strong.

The analysis of the selected indicators showed some relationships, which would have a bearing in the understanding of the impacting of new product success dimensions on the delivery of sustainability and market leadership. New product success was found to have a positive relationship with sustainable existence and market leadership as the strategies are simplified by the adoption of the three strategies the ability to harness competitive advantage and sustainability from the strategies is enhanced.as shown by positive relationship (+0.809**).

Table 4.12: Descriptive Statistics

Descriptive Statistics

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
PD	80	3.3725	.09690	.86668
CL	80	3.8187	.12062	1.07888
RR	80	3.8875	.09827	.87892
NPS	80	3.8375	.10862	.97154
ML	80	3.3875	.09522	.85166
SE	80	3.8187	.11852	.87672
Valid N (listwise)	80			

Table 4.13. Correlation of Variables

Correlations

		PD	CL	RR	NPS	ML/SE
PD	Pearson Correlation	1	.809**	.884**	.852**	.846**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	80	80	80	80	80

CL	Pearson Correlation	.809**	1	.837**	.876**	.891**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	80	80	80	80	80
RR	Pearson Correlation	.884**	.837**	1	.896**	.869**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	80	80	80	80	80
NPS	Pearson Correlation	.852**	.876**	.896**	1	.924**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	80	80	80	80	80
ML/SE	Pearson Correlation	.846**	.891**	.869**	.924**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	80	80	80	80	80

** . Correlation is significant at the 0.01 level (2-tailed).

The multiple regression model with all six predictors produced a correlation is significant at the 0.01 level (2-tailed). As can be seen in Table 4.15, the Analytic and Quantitative GRE scales had significant positive regression weights, indicating respondents with higher scores on these scales were expected to have higher level of market leadership and sustainability, after controlling for the other variables in the model.

Table 4.14: Regression Analysis Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.943 ^a	.888	.882	.29206

a. Predictors: (Constant), CL, RR, NPS, ML, SE

With the help of the statistical method of multiple linear regression analysis, the relationships between the IVs and the new product development were analyzed in more depth. In the first step the multiple linear regression analysis was run with product differentiation, Cost Leadership and Rapid Response (Niche Marketing) as IVs, the demographic variables as control variables and New Product Development as DV. The

adjusted R^2 for this analysis model was .882, meaning that 88.2% of the variance in the DV new product development can be explained by the above listed IVs and control variables.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Summary

- ❖ The overall goal of this study was to determine the effect of new product development strategies on sustainability and market leadership i.e. differentiation, cost leadership, and rapid response strategies on the Competitiveness of East African Bottling S.C. Ethiopia. The expectation was that if a firm chooses to implement competitive strategies of cost leadership, differentiation and rapid response, it would achieve superior sustainability and competitiveness and stay ahead of competition.
- ❖ Questionnaires were used to collect primary data from the East African Bottling S.C. (EABSC) employees in Addis Ababa and the data was analyzed using both descriptive and inferential statistical analysis. This study was being guided by Porter's Generic Model on competitive advantage adopted by firms. Survey research design was used covering a sample of East African Bottling S.C. (EABSC) drawn from the factory in Addis Ababa, Ethiopia.
- ❖ The findings of this study confirm that East African Bottling S.C. Ethiopia employed cost leadership, differentiation and Rapid Response strategies either simultaneously or at the exclusion of others in order to be competitive and improve its performance. The finding of this study thus adds to the existing literature on critic of Porter's assertion that the generic strategies are mutually exclusive hence partially supporting the notion of Porters' exclusive application of competitive strategies in order to achieve superior performance.
- ❖ In confirmation to the research hypothesis to find out if the Product Differentiation strategy has effect on the market leadership of East African Bottling S.C. (EABSC), the answer was positive. Analysis of survey data depicted that the mean of questions used to measure differentiation strategy and firm performance ranged more than 3.6; meaning that majority of the respondents were in agreement with the statements.

That means the responses are not much dispersed from each other hence converging towards the expected feedback in analyzing the differentiation strategy of firm's competitiveness.

- ❖ In analyzing the question on whether Cost Leadership strategy has impact on the Competitiveness of East African Bottling S.C. (EABSC), the findings of the study affirmed through responses to the statements used to measure cost leadership strategy. This shows that majority of the respondents were in agreement with the statements that were used to measure cost leadership strategy. It could then be deduced that the responses to the items were not deviating much from the expected results.
- ❖ Finally in finding out whether Rapid Response strategy has influence on the sustainability of East African Bottling S.C. (EABSC), the results were found to be true. From the analysis of the means, it can be noted that the means of all the items used to measure rapid response strategy ranged above 3.8.

5.1.1. Effect of Product Differentiation Strategies on Sustainability and market leadership of East African Bottling S.C. (EABSC).

- ❖ The findings of analysis indicate that differentiation strategy positively and significantly influences market leadership of East African Bottling S.C. (EABSC). For every unit increase in the use of differentiation strategy, there was a corresponding increase in firm East African Bottling S.C. (EABSC), by 0.48. These results are consistent with previous researches, for instance, Allen and Helms (2006) found a positive and significant relationship between product differentiation strategy and organizational market leadership.
- ❖ Similarly, the study findings of a significant positive relationship between differentiation strategy and sustainability of East African Bottling S.C. (EABSC), confirms the assertion that a differentiation strategy is harder to imitate since it is built on product and services that are perceived to be different from the competitors hence leading to more sustainable competitiveness. These findings support the

notion that many manufacturing firms view a strategy of differentiation as a more important and distinct means to achieve competitive advantage than a low-cost strategy (Kotha&Vadlamani, 1995). The study findings thus led to the acceptance that differentiation strategy has significant Influence on the competitiveness of East African Bottling S.C. (EABSC).

- ❖ A differentiation strategy occurs when a firm gains an unprecedented position within the sector of operation by differentiating its products or services. Barney and Hesterley (2006) assert that the rarity of a differentiation strategy depends on the ability of individual firms to be creative in finding new ways to differentiate their products. As rivals try to imitate these firms' last differentiation move, creative firm will already be working on new moves and therefore, remain one step ahead of competition.

5.1.2. Effect of Cost Leadership on Sustainability and Market Leadership of East African Bottling S.C. (EABSC)

- ❖ The study results also concur with the work of Powers and Hahn (2004) which looked into whether or not there were links between competitive methods, generic strategies and firm Competitiveness and found that a cost leadership strategy did perform better than differentiators and rapid response strategies and that which found that cost leadership is one of the strategies applied by most beverage companies.
- ❖ However, it is evident from the data analysis that East African Bottling S.C. (EABSC), vigorously pursued cost reduction mechanism by focusing on product design technique that economized on cost of materials, lowering prices than that of their competitors, investing in sales promotion, reduction of administration cost and investing in technology-based delivery system to lower their costs among others.
- ❖ The study findings are thus congruent with Porter's (1980) assertion that cost leadership strategy has a positive impact on market share in general since a firm that manages to sustain a competitive advantage in cost structure can offer the prices to customers. Based on its cost advantage, the East African Bottling S.C.

(EABSC) produces and sells higher volumes than competitors which in turn increase its cost leadership. The study findings led to the acceptance that cost leadership has a significant Influence on the competitiveness of East African Bottling S.C. (EABSC).

- ❖ Cost leadership strategy seeks to improve efficiency and control costs throughout the organization supply chain (El-Kelety, 2006). The strategy further requires management to focus its attention on competing on cost. A low-cost position gives a firm a defense against rivalry from competitors, because its lower costs means that it can still earn returns after its competitors have exhausted their profits through rivalry (Porter 1980). Firms adopting cost leadership strategy try to be the low-cost producers in the markets. Sources of cost advantages depend on industrial structure. Cost advantages may come from economies of scale, economies of scope, propriety technology, preferential access to materials and other factors. With cost advantages, firms are able to have above-average return or can command price.

5.1.3. Effect of Rapid Response Strategy on Sustainability and Market Leadership of East African Bottling S.C. (EABSC)

- ❖ The results of regression analysis showed that rapid response strategy had a positive significant relationship with firm market leadership. Pearson product moment correlation showed that there is a positive significant correlation between rapid response strategy and East African Bottling S.C. (EABSC) market share. This means that an increase in use of rapid response strategy improved East African Bottling S.C. (EABSC), sustainable existence.
- ❖ These findings concur with some earlier studies and researches on the use of generic strategies which indicated that business strategies of cost leadership, differentiation; cost leadership with rapid response and differentiation with rapid response leads an organization to higher market leadership positions (Porter, 1980; Porter 1985).

- ❖ The results of this study are also consistent with these studies which examined the Impact of generic strategies based on a sample of non-diversified manufacturing firms in which they found that those firms could be classified into four clusters based on the strategies they adopted namely; cost leadership, rapid response and differentiation strategies. In terms of sales growth the four groups were significantly found to be different from one another and that rapid response strategy was found to have the highest sales growth.
- ❖ A successful rapid response strategy depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. Rapid response strategies are most efficient when customers have distinct preferences and when the niche has not been pursued by rival firms (David, 2014). The disadvantage of this strategy is that it may put an organization in danger if the niche segment is too small to be economical, or if it declines.
- ❖ The Rapid Response strategy differs from the other strategies in one aspect. While in the differentiation and cost strategies wide fractions of customers are being appealed to, the firms that follow a rapid response strategy prefer to appeal to a certain geographical area or a certain fraction of customers. To capture those markets, firms may use cost focus or differentiation focus strategy. Meanwhile, different market segments also have different wants and needs; therefore, a firm takes the opportunity by designing products or services to satisfy customer wants and needs in a specific market segments. The focus on costs can be difficult in industries where economies of scale play an important role.

5.2. Conclusion

- ❖ The focus of differentiation strategy is creating something that is perceived as unique by buyers. It involves development of strengths that can give a firm a differential market share advantage above other competitors. A firm pursuing differentiation strategy is likely to offer unique products and services. This research sought to determine if this assertion is held true.
- ❖ Based on the findings of this study, there is enough evidence that differentiation strategy has significant impact on the new product success of East African Bottling S.C. (EABSC). The study found that differentiation strategy affects the success of East African Bottling S.C. (EABSC). Moreover, the findings by the majority revealed that East African Bottling S.C. (EABSC), pursue differentiation strategy concurrently. In comparison to the other two new product development strategies of cost leadership and rapid response strategy, manufacturing firms largely adopt differentiation strategy East African Bottling S.C. (EABSC), being among them.
- ❖ This finding confirms the assertion that differentiation strategy is harder to imitate since it is built on product/services that are perceived to be different from the competitors hence leading to more sustainable market leadership. In their effort to differentiate its product/services, East African Bottling S.C. (EABSC), pay more emphasis on building strong reputation, developing strong brand identification, offering broad range of product as well as introducing innovative products.
- ❖ The goal of the firm pursuing cost leadership strategy is to become the low cost producer in the industry. A low cost position gives a firm a defense against rivalry from competitors because its lower costs mean that it can still earn returns after its competitors have competed away their profits through rivalry. Cost leaders seek to improve efficiency and control costs throughout the organizations supply chain. This study sought to determine if these implications are held true for firms' pursuing cost leadership strategy. Based on the results of this study, cost

leadership strategy affects the East African Bottling S.C. (EABSC) sustainability and market share.

- ❖ The study established that rapid response strategy was concerned with pursuing specific market segments through overall cost leadership and or differentiation as opposed to engaging in the whole market. It involves market segmentation and specialization in the chosen segment which is useful in gaining competitive advantage. Firms following rapid response strategy prefer to make continuous research to get feedback from loyal customers and work to attract new customers. This study sought to determine whether this assertion is held true.

- ❖ The results of regression analysis between rapid response strategy and sustainability and market share of East African Bottling S.C. (EABSC), showed that rapid response strategy had a positive significant relationship with company's sustainability and market share. This means that an increase in use of rapid response strategy improves sustainability and market share leadership of East African Bottling S.C. (EABSC). The study findings that minority of respondents further revealed of East African Bottling S.C. (EABSC), pursued rapid response strategy. This means that some of East African Bottling S.C. (EABSC) focus on narrow competitive scope within their industries and tailors its strategy to serving them to the exclusion of others.

5.3. Recommendations

- ❖ Based on the findings of this study, company business managers should utilize much of differentiation strategy as it has been proven to have the highest significant Impact on of East African Bottling S.C.'s (EABSC), sustainability and market leadership. Differentiating firms also need to further look deeper into how to make uniqueness less costly in order to make differentiation a significant practice in the sector.

- ❖ Based on the findings of the study, the researcher recommends that the manufacturing firms shall adopt cost leadership strategy. The empirical evidence from this study infers that cost leadership has significant Impact on the sustainability and market leadership of manufacturing firms. The results of this study thus provides a valuable reference from East African Bottling S.C. (EABSC), in terms of implementing cost leadership strategy as this would help them achieve sustainability and improve their market leadership.
- ❖ It is evident from the literature also that cost saving mechanism is a major consideration in industries in Ethiopia due to higher cost of raw materials and energy and for this reason, the study recommends that the managers of East African Bottling S.C. (EABSC), should ally with companies in the industry to deepen their engagement into more cost-impacting methods of running a business.
- ❖ The study also recommends that businesses also utilize rapid response strategy as well. In order to gain from this strategy, the firms should pay attention to the research and development sector, which is sustainable so as to avoid the dangers encountered when pursuing rapid response strategy such as dwelling on a segment that is too small or pursuing a segment that is declining. Similarly, these firms should scan the environment fully to identify the best segment to target and adopt this strategy to satisfy customer wants and needs in market segments that are sustainable.
- ❖ Finally, it is important that the managers of East African Bottling S.C. (EABSC), and firms in the industry should continuously assess their competitive strategies in terms of sustainability and market leadership in the ever changing environment. They should be aware that achieving strategic fit between their new product development strategy and competitor's competitive strategies help to gain a competitive edge. A focus on more ways of dealing with the other challenges faced is also imperative for a maximum profitability of the firms other than just use of competitive strategies.

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ANNEX



St. Mary's University, School of Graduate Studies

Department of Marketing Management

Questionnaire

This study is being carried out on the title of “**THE IMPACT OF NEW PRODUCT DEVELOPMENT ON SUSTAINABLE EXISTENCE AND MARKET LEADERSHIP: THE CASE OF EAST AFRICA BOTTLING SC.**” in partial fulfillment of the Award of a Master of Art Degree in Marketing Management. I would like to ask you to take a few minute of your precious time to fill this questionnaire as your cooperation is critical for this research.

Please note that there is no right or wrong answer. You are only required to reflect your opinion. Any information you provide will be kept absolutely confidential and will be used only for academic purpose.

Your kind assistance will be highly appreciated and thank you in advance.

With best regards,

Semere Moges
Marketing Management Graduate Student
St. Mary's University

General Information

- There is no need of writing your name

PART I: Personal Profile

Instruction: Please put a tick (√) mark in the answer box corresponding to your response.

1.1. Gender:

Male

Female

1.2. Age range:

20 – 25 Years

26 - 30 Years

31 - 35 Years

36 – 40 Years

>41 Years

1.3. Educational level:

Certificate

College diploma

First Degree

MA/MSC/MBA or above

1.4. Working experience in East Africa Bottling SC.

<1 Year

1-2 years

2-3 years

3-4 years

> 4 years

1.5. In which department of the Company do you work?

Logistics

Sales &Marketing

Production

Administration Other _____

PART II: New product development on Sustainable Existence and Market

Leadership

Please put the appropriate number in the answer box corresponding to your response to indicate the extent to which you agree or disagree with each statement.

With 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree.

S.No	Dimensions	Scale of measurement				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Product Differentiation						
1.	East Africa Bottling Share Company has well organized research and development department with qualified staff.					
2.	East Africa Bottling Share Company use market research methods developed to help marketing and product managers to predict the likelihood of a new product's acceptance in the marketplace.					
3.	New Product of East Africa Bottling Share Company full fills customer requirement and the customers can get perceived benefit from this prod					
4.	New Product of East Africa Bottling Share Company contains good quality and it is targeted on deep knowledge of customer need.					
5.	New Product of East Africa Bottling Share Company has some new feature from existing products in the market.					
6.	Maintaining a reputation for leadership requires continual performance improvement and innovation.					
Cost Leadership						
7.	East Africa Bottling Share Company using the strategy to reduce cost of New Product Development process.					
8.	East Africa Bottling Share Company increase the profits and make cost as competitive advantage.					
9.	Prices of new products of East Africa Bottling Share Company are customer focused.					
10.	The current price of East Africa Bottling Share Company on new products is appropriate.					
11.	The current prices of new products of East Africa Bottling Share Company are more expensive than other Products.					
12.	Prices for new products are clearly stated to minimize customer dis satisfaction.					
Rapid Response						
13.	Top-level management is committed to provide organizational support for change, generates enthusiasm, provides a clear vision of the product concept and assures sufficient allocation of various resources.					

S.No	Dimensions	Scale of measurement					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
14.	Top-level managements are open-minded, supportive, and professional also give a direct order and timely based decisions in order to speed up the New product development process.						
15.	Top level management of East Africa Bottling Share Company is committed to introducing new product to the market.						
16.	The management assesses consumers' reactions to a new product concept, and identifying important product attributes.						
17.	East Africa Bottling Share Company establishes cross-sector external stakeholder panel to review and provide critical assessment on periodical sustainability reporting.						
New Product Success							
18.	New products of East Africa Bottling Share Company have the power to attract potential new customers.						
19.	New customers become willing and joining to purchase East Africa Bottling Share Company's products due to the role of new products.						
20.	New product development increases the company market share through developing the loyalty of existing customers.						
21.	New Products of East Africa Bottling Share Company provide consumers with many options which allow them to have clearer choices on the type of product they want.						
22.	A prototype of the new product is evaluated before full commercialization to the market.						
23.	New Product Development Team gives more concern on idea generation in order to come up with a new products idea that can build its capability and competitiveness in the market.						
Market Leadership							
24.	East Africa Bottling Share Company sales and revenue is increasing due to the role of New Products developed.						
25.	New products help East Africa Bottling Share Company to compete on new product category.						
26.	The development of new products enhanced the competitive advantages.						
27.	East Africa Bottling Share Company with the new developed products						

S.No	Dimensions	Scale of measurement					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
	has made reasonable market expansion to new geographical area.						
28.	East Africa Bottling Share Company has strong marketing initiatives on the existing market and this makes a competitive advantage						
29.	East Africa Bottling Share Company creates many marketing campaigns/initiatives in order to attract more customers and to increase sales volume.						
30.	East Africa Bottling Share Company orientation towards customers or competitors is likely to influence how they respond to changes						
Sustainable Existence							
31.	There is a group of clearly defined processes or methods used to search important knowledge among d/t knowledge management operations.						
32.	There is clear flow and easy access of knowledge between the supplier and user in the development of new products.						
33.	There is an Integration b/n internal and external knowledge management system.						
34.	New Product Development teams frequently participate, integrate employees from different departments and give opportunities for simplification and parallel.						
35.	East Africa Bottling Share Company is committed to excellence and to deliver superior value.						
36.	East Africa Bottling Share Company have a wide-ranging geographical reach covering a diverse mix of communities and cultures.						
37.	East Africa Bottling Share Company has established a strong level of trust with stakeholders and the communities it serve and the company has built competitive advantage by developing strong 'people' capabilities.						
38.	East Africa Bottling Share Company carefully examining and building upon fundamental strengths of the company.						

Source: own construction, 2020