

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

**AN ASSESSMENT OF NEW PRODUCT DEVELOPMENT  
PRACTICES OF ADDIS FOOT-WEAR PLC**

**BY:**  
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**JUNE 2010**  
**SMUC**  
**ADDIS ABABA**

**AN ASSESSMENT OF NEW PRODUCT DEVELOPMENT  
PRACTICES OF ADDIS FOOT-WEAR PLC**

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**A SENIOR ESSAY SUBMITTED TO THE  
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# **CHATER ONE**

## **INTRODUCTION**

### **1.1. Background of the Study**

New product development is the development of original products, product improvements, product modifications, and new brands through the firm's own research and development efforts (Kotler, 2006: 274). Moreover, as Groucutt, (2004:262) product can have very short or extremely long life spans. For many companies, new product development is an ongoing operation. It is not purely to replace products that are in the declining phase of their life cycle, but to develop products that support the company's long term strategic objectives. Those objectives often include maintaining a technical-specific competitive advantage over rivals.

According to White, (1998: 152) new product development can also mean repositioning an existing product through repackaging a product or representing it in a new way, or inventing something that is never been marketed before and you have a new to the world product.

New product design is crucial to the survival of most firms. While a new firm may experience little product change, most firms must continually revise their products. In fast changing industries, new product introduction is a way of life, and highly sophisticated approaches have been developed to introduce new products (Schroeder, 1989: 85)

Addis foot-wear PLC produces plastic shoes for men, women, and children only for local consumption. It was established in the year 1979 which is thirty years ago with a capital of 15 million birr. At first, the employees were about 15 with one trained machine operator. The first shoes made have been named Konjit for women and Tenkaraw for men. For the first five years with one machine imported from Italy, the above two types of shoes were being produced and there was a great demand for the shoes. For this reason the company was open 24 hours including Sundays. Then after, the company imported two additional machines to expand its products and it introduced the following types of plastic shoes:



- Fashion - for men
- Wubit - for women
- Adadis - for men

The company grew fast because there was no much competition in the market. Nowadays, the company produces 32 different types of plastic shoes.

New product development is a company's lifeblood. Growth and profit suffer with out aggressive product development introducing new products and services in to the market. All companies need to find out what their customers want and enhance the role of research and development personnel to find out demand in the market. The key to successful market research for new product development comes from an understanding of what customers' value and not simply from asking them to submit their own solution.

Currently it is seen that the new product development is becoming one of the core aspects that firms give attention to get competitive advantage with in the industry. Addis foot-wear PLC is one of the largest firms which practice the development of new products to create a good and favorable image on the customer mind, to maximize the market share, and to acquire a better position with in the industry. When a company gives a great emphasis for achieving the current market by producing new products, it is better to follow the steps of new product development processes, build effective research and developments, and use new technologies to match the customer's expectations about the expected product. All of these can result in maximizing the sales volume and eliminating the competitors from entering in to the market.

In this study the new product development strategy of the company and their effect in the overall market share with in the industry is assessed in order to give suggestions to the company to make the necessary adjustment and take the right actions.

## **1.2. Statement of the Problem**

A new product is any product which is perceived by the customer as being new. This could involve repositioning of existing products or offering the existing products at low prices, or making improvements in the existing products, or adding new product items to

the existing product line, or for that matter, taking up a product line which is totally new to the organization or to the world (Sexena, 2002: 226).

A business firm introduces new products or services in to the market for two main reasons. Firstly, competition forces the business firm to come up with new ideas so as to maintain its market share or improve it. Secondly, an existing product or service ages and requires timely innovations (Stevenson, 1999: 150).

According to Groucutt and others, (2004:262) the development of new products are often essential if a company is to survive, let alone grow and prosper in the longer term. Many products become obsolete, affected by technological developments, competition and changing buying behavior. Declining markets affect sales revenues and hence the profit performance of the business. Therefore companies must be proactive in new product development.

In spite of all efforts extended on new product development activities, Addis Foot-Wear PLC has been facing many problems. According to the preliminary observation made by the student researcher and interviews conducted with the company marketing personnel, the main problem of the company is failure to cope up with the changing customer needs and wants with regard to the company's new products. Besides, competitors are entering the market with advanced technology and better products that meet customer needs and wants. As a result the company market share is declining. In addition, the company does not conduct market research regarding customer needs and wants before developing new product.

Therefore, this study tried to assess the practice of Addis Foot- Wear PLC when developing new products and the effect of failure to cope up with customer needs and wants and failure to conduct market research on the sales volume of the company and its success to satisfy target customers of the company. Since product provides the basic/generic needs and wants of the customer, it is taken as a major variable to the market share of the company.

### **1.3. Research Questions**

1. Does the company flow the appropriate stages of developing new products?
2. What are the constraints faced by the company in relation to effective new product development?
3. How does the company's new product development practices affect the market share?
4. Does the company carryout market research for new product development?

### **1.4. Objective of the Study**

#### **General Objective**

The main objective of this study was to assess the new product development practice of Addis Foot-Wear PLC. Moreover, the study has the following specific objectives.

#### **Specific Objectives**

- To investigate the practices of the company on flowing appropriate stages of new product development.
- To understand the constraints with effective new product development.
- To investigate weather the company's new product development practices affect the market share or not.
- To assess the company's market research in relation to new product development.

### **1.5. Significance of the Study**

- This study creates awareness to Addis Foot-Wear PLC about its problems of developing new products and, thus will help the company to enhance its capacity towards new product development.
- It creates a very good opportunity to the student researcher to learn the practical research process and techniques.
- It can serve as an input for other researchers who would like to make an in depth survey in this area.

## **1.6. Delimitation of the Study**

This study is delimited to assessing new product development practice of Addis footwear PLC. Besides, even if the company's product has different users across the country, this study focused only on those customers located in Addis Ababa. The reason is that, the time cost of addressing all Ethiopian people would be difficult. Moreover, this study will analyze the new product development process of the company recorded data for the last five years (2004-2009). This is because the company had developed new product during these years but the newly developed products could not be sold as expected and did not get adequate market response.

## **1.7. Definition of Terms**

- **New product** development is the development of original products, product improvements, product modifications, and new brands through the firm's own research and development efforts.
- **Research and development** refers to organized efforts that are directed toward increasing scientific knowledge and product innovation.
- **Positioning** is the act of designing the company's offering and image to occupy a distinctive place in the mind of the target customer.
- **Repositioning** is the modification of consumer perception of a product or service relative to competitive product or service.

## **1.8. Research Design and Methodology**

### **1.8.1 Research Method**

Descriptive type of research method was used, since the purpose of this study is to assess and describe the new product development practice of the company under consideration.

### **1.8.2. Population and Sampling Technique**

The population of this study comprised the company's marketing manager, marketing employees, and customers found in Addis Ababa only. Since, the company doesn't have a list of customer, the population sample frame of public respondents can not be defined, non probability sampling is chosen. Among the non probability sampling techniques,

convenience sampling technique was used because of homogeneity of respondents. Thus, the student researcher depends in setting of 200 (according to the recommendation set by Malhotra 2007: 339) respondent customer as representative sample in order to gather the relevant information. In addition, focus group discussion was conducted with the five (all) marketing employees of the company.

### **1.8.3. Types of Data Collected**

In order to retain relevant and appropriate information and to make the research complete both primary and secondary data were used. Primary data was collected from interview and questionnaires and secondary data were collect from the company document, journal and various books.

### **1.8.4. Method of data Collection**

The primary data was collected by conducting interview with the marketing manager and focus group discussion with the employees of the company working in the marketing department. Besides, structured questionnaires in both open and close ended format was used as a primary data source to collect information from the company's customers.

### **1.8.5. Data Analysis Method**

Qualitative and Quantitative data analysis techniques were used in this research study. Qualitative data analysis technique was used to deal with the interview response as well as the responses to open ended questions. Quantitative data analysis technique was used to summarize the findings that gathered through closed-ended questions by using percentage and tabulation.

## **1.9. Limitation of the Study**

During this presentation of this research study, the student researcher was faced with various limitations; among the major limitation some customers were reluctant to fill the questionnaire information. However, the student researcher exerted all possible efforts to maintain the intended research result.

## **1.10. Organization of the Study**

This study was organized in to four chapters. The first chapter was concerned with the background of the study associated with background of the company, statement of the problem, objective of the study, significance of the study, delimitation of the study,

research design and methodology, and definition of terms and organization of the study. The second chapter of the research paper dealt with the review of literature. The third chapter comprised data presentation, analysis, and recommendation, and the last chapter consisted summary, conclusion, and recommendations and finally questionnaires and interview checklists are attached to the study.

## **CHAPTER TWO**

## **REVIEW OF RELATED LITERATURE**

### **2.1. Overview of a Product**

According to Jobber, (2001:229) a product is any thing which is capable of satisfying customer needs. In every day speech we often distinguish between products and services, with products being tangible (e.g. a car) and services mainly intangible (e.g. a medical examination). Another author mentioned that a product is a bundle of satisfaction that a customer buys. It represents a solution to customers' problems. It is in this context that the marketing definition of a product is more than just what manufacturer understands it to be (Sexena, 2004:193).

As Doyle, asserted (2002:32) a product is defined as anything that a firm offers to satisfy the needs and wants of customers. This can be a physical object such as soft drink, car, or computer, but it can also be an intangible service such as a haircut, consultancy advice, or holiday. The main point is that people never buy products for their own sake, but always for needs and wants these product satisfy.

In favor of this Etzel and others, (2004:208) claim that in a narrow sense, a product is a set of basic attributes assembled in an identifiable form. Each product is identified by a commonly understood descriptive (or generic) name, such as still, insurance, tennis rackets, or entertainment features such as brand name and post sale service that appeal to consumer emotion or add value play no part in this narrow interpretation. As they said in marketing we need a broader definition of product to indicate that customers are not really buying the set of attributes, but rather benefits that satisfy their needs. To develop a sufficient broad definition let's start with product as an umbrella term covering goods, services, places, persons, and ideas. Thus a product that provides benefits can be something other than tangible goods.

According to Kumar, (2006:174) Product is the most important element in the marketing mix. Product provides the functional requirements sought by

consumers. Customers primarily get interested in dealing with the company because they feel that its products are capable of serving their needs.

As Anderson and Vincze stated, (2000:219) the term product refers not only to the physical commodity but also to anything offered by an organization to provide customer satisfaction. A product can be a single commodity, a group of commodity, a product-service combination, or even a combination of several goods and services. Or a product can be an idea, cause, or any other intangible factor that satisfies customers of non profit or for profit organizations. Another author mentioned that almost everything that we come across in our daily life is a product. A product is not a mere object; it is not a mere assemblage of matter. It means something than a physical commodity. Products gain an identity or a personality of their own in the hand of the marketing man (Ramaswamy, 2004:227).

According to Kumar, (2003:110) a new product offering includes new models, new features added, changes in the existing product line, creating new brand that is developed by the research and development team of the company. Further more, ideas for new product come from customers, employees, and observation of competitors' products. New ideas are first examined to determine whether the product can made with existing equipments. If so, a sample run is made to determine the cost and time requirements. If the results are satisfactory, marketing testes are conducted to see if there is add for product (Stevenson, 1999:60).

In designing and selling physical objects or intangible services, successful firms concentrate not on the product, but on enhancing their offer's ability to satisfy the needs and wants of customers. The key question is not what products business makes; rather which wants it seeks to meet. Then managers ask how they can redesign their products, augment them with other physical objects or service benefits, and communicate their offer more effectively so that they can better meet the needs of target customers (Doyle, 2002:32).



Marketing and customer-centricity companies should not forget that a customer wants from the company is a product that serves his needs. Everything else is superfluous. A company's best people and systems should be devoted to developing, producing, and making products available to customers (Kumar, 2006:174).

Moreover, product is the heart of any successful marketing strategy. It is an important element that provides competitive advantage to the firm. As the environment becomes more complex and technology is easily accessible to all firms, products become undifferentiated. All firms offer the same level of quality features; warranties etc, and are identical in respect of the core product. It is in this sense that the formal or expected product is identical among competing firms. The range of products a firm markets is called its product mix. The marketer has to take strategic decisions that affect breadth and depth of his product mix. The firm's marketing department should also be able to use the product life cycle concept to effectively plan its strategy (Sexena, 2004:22).

## **2.2. Importance of Product**

### **2.2.1. Importance of Sound Product**

If the product is sound and easily acceptable to the market, if it satisfies reseller's needs and consumer preferences and is carefully fitted to the needs and desires of the customers, sales success is assured. In essence, the right product is a great stimulus to sales. A right product is bound to reduce considerably the problem of pricing, promotion, and distribution. It need not have aggressive advertising and high pressure salesmanship. It may not demand extraordinary sales promotion gimmicks (Sherlaker, 2004:210).

## **2.3. Classification of a Product**

As Stanton, (2002:215) stated, to design effective marketing program, organizations need to know what kind of products they are offering to potential customers. Thus it's helpful to separate products in to homogeneous categories. First, we will divide all products in to two categories-consumer products and industrial products.

### **2.3.1. Consumer Products**

Consumer products are products and services bought by final consumers for personal consumption. Marketers usually classify these products and services further based on how consumers go about buying them. Consumer products include convenience products, shopping products, specialty products, and unsought products. These products differ in the ways consumers buy them (Kotler and Armstrong, 2006:234).

- **Convenience products:** - According to Etzel and others (2001:216) a convenience good is termed as a tangible product that the consumer feels comfortable purchasing with out gathering additional information and buys with a minimum of effort.
- **Shopping products:** - These products are less frequently purchased consumer product and services that customers compare carefully on suitability, quality, price, and style. When buying shopping products and services, consumer spend much time and effort in gathering information and making comparisons. However, shopping products marker usually distribute their products through fewer outlets but provide deeper sales support to help customers in the comparison efforts (Kotler, 2006:236).
- **Specialty product:** - As per Pillai, (2005:10) certain products posses special attraction to the customers. As such the consumer may wait or suffer in convenience to get the desired goods. These type goods are of high value and manufactured by reputed firms.

- **Unsought products:** - In favor of shalini, (2003:242) Unsought products are products that the consumer either does not know about or knows but does not normally think of buying. However, most major innovations are unsought until the consumer become aware of them through advertising.

## 2.4. Product Level

Products and services have three levels. Each level adds more customer value. The most basic level is the core benefit, which addresses the question what is the buyer really buying? When designing products, marketers must first define the core, problem solving benefits or services that consumers seek. At the second level, product planners must turn the core benefit in to an actual product. They need to develop product and services features, design, a quality level, a brand name, and packaging. Finally, product planners must build an augmented product around the core benefit and actual product by offering additional consumer services and benefits. Consumers see products as complex bundles of benefits that satisfy their needs. When developing products, marketers first must identify the core consumer needs the product will satisfy. They must then design the actual product and final ways to augment it in order to create the bundle of benefits that will provide the most satisfying customer experience.

## 2.5. Product Attributes

In favor of Shalini and Mong, (2003:239) Developing a product or service involves defining the benefit that it will offer .These benefits are communicated and delivered by product attributes such as quality, features, and design:

- **Product Quality:** - According to Walker, (1991:226) the quality of a product is extremely significant, but it is probably the most difficult of all the image building features to decline. Users frequently disagree on what constitutes quality in a product. One guideline in managing product quality is that the quality level should be compatible with the intended use

of a product; the level need not be any higher. Another key to the successful management of quality is to maintain consistency of product output at the desired quality level.

- **Product Features:** - As per Pride, (2005:225) Product features are specific design characteristics that allow a product to perform certain tasks. By adding or subtracting features, a company can differentiate its products from those of the competition. Product features can also be used to differentiate products within the same company.
- **Product Design:** - By the same author, (2005:285) Product design refers to how a product is conceived, planned and produced. Design is a very complex topic because it involves the total sum of all the product's physical characteristics. Good design is one of the best competitive advantage any brand can possess.

## **2.6. New Product**

A product can be new in many ways. It may not have been on the market for very long. So in terms of time it could be regarded as a new concept. Or, it may be something that the company has not done before. In these terms it could be seen as new to the company even though it may not be new to the market. It may be considered as new because it is different in some tangible way from existing products on the market. Finally, it could be considered as new to the customer, even if it has been around for a while (Perreault, 2000:160).

## **2.7. New Product Development**

As per Shajahan, (2001:4) New product development consists of the creation of new ideas, their evaluation in terms of sales potential and profitability, production facilities, resources available, designing and production testing and marketing of the product. The main task of the product planners is to identify specific customer needs and expectations and align company's capabilities with the changing market

demands. In each of these stages the management must decide whether to move on to the next stage to abandon the product, or to seek additional information.

## **2.8. Significance of New Product Development**

Whatever may be the nature of operation of a company, product planning, and development is necessary for its survival and growth in the long run. Every product has a life cycle and it becomes obsolete after the completion of its life cycle. Therefore, it is essential to develop new products and alter or improve the existing ones to meet the requirement of customers (Shajahan, 2001:5).

## **2.9. New Product Strategy**

According to Stanton, (2004:220) To achieve strong sales and healthy profits, every producer of business goods or consumer goods should have an exploit strategy with respect to developing and evaluating new products. This strategy should guide every step in the process of developing a new product. A new product strategy is a statement identifying the role a new product is expected to play in achieving corporate and marketing goals. For example, a new product might be designed to protect market share, meet a specific return on investment goal, or establish a position in a new market. Or a new product's role might be to maintain the company's reputation for innovation or social responsibility. A new product's intended role also will influence the type of product to be developed. A new product strategy can also help a firm avoid a problem of having numerous products under development but few actually becoming ready for the market. The priority in the strategy can be used to determine which prospective products should receive special attention, which should go on the "the back burner," and which should be scrapped.

**Social responsibility:** - A new product's intended role also will influence the type of product to be developed. A new product strategy can also help a firm avoid a problem of having numerous products under development but few actually becoming ready for the market. The priority in the strategy can be used to

determine which perspective products should receive special attention, which should go on the “the back burner,” and which should be scrapped.

## **2.10. New Product Development Process**

### **2.10.1. Generation of New Product Idea**

As per Sexena, (2004:229) the process of new product development starts with the search for product ideas. To be successful, it is important that this search should be casual. The top management should spell out corporate mission and objectives for new products. Also, it should spell out the role of new product development in the firm’s growth strategy. However, there are different sources of new product ideas including; changing customer need and trends in consumer market, competitors, research and development scientists, laboratories, foreign markets and media, employees, trade channel, and top management. The most important and relevant of all the sources are developments in the market, specially, changes in geographic, demographic, and psychographic of the market. The development affect customer needs and wants. The stage of generating new ideas is characterized by creativity. Hence, to generate new ideas, group creativity techniques like brain storming, synectics, need, problem identification, and attribute listing could be used.

### **2.10.2. Screening the Ideas**

According to Kotler, (2004:280) the process idea generation is to create a large number of ideas. The purpose of succeeding is to reduce that number. The first idea reducing stage is idea screening, which helps spot good ideas and drop poor ones as soon as possible. Product development costs rise greatly in later stage, so, the company wants to go ahead only with the product ideas that will turn in to profitable products.

### **2.10.3. Concept Development**

As per Doyle, (2002:208) an idea that gets through the initial screening process must be developed as a consumer proposition and tested against potential customers. Customers do not buy products; they buy solutions to their problems. Consequently, it is important to distinguish between a product idea and its positioning concept. The product idea is the new physical good or functional service that is being considered by the company. The positioning concept refers to the choice of target market segment and benefit proposition. This distinction is crucial because most new products can have very different positioning strategies.

#### **2.10.4. Concept testing**

According to Kotler, (2004:280) concept testing calls for testing new product concepts with groups of target consumers to find out if the concepts have strong consumer appeal.

#### **2.10.5. Business Analysis**

In favor of Stanton and others, (2004:222) a surviving idea is expanded in to a concrete business proposal. During the stage of business analysis, management (a) identifies product features; (b) estimates market demand, competition, and the product's profitability; (c) establishes a program to develop the product; and (d) assigns responsibility for further study of the product's feasibility.

#### **2.10.6. Prototype Development**

If the product concept passes the business test, it moves to research and development and/or engineering to be developed in to physical products. Up to now it has exists only as a word description, a drawing, or a very crude mock-up. This step calls for a large jump in investment, which dwarfs the idea evaluation costs incurred in the earlier stage. This stage will answer whether the product idea can be translated in to a technically and commercially feasible product. If not, the company's accumulated investment will be lost except for any useful information gained in the process (Shajahan, 2001:42).

### **2.10.7. Market Testing**

According to Kumar, (2001:175) after the product has been developed the marketer (or the product planner) will have to know the reactions of dealer and customers in handling, using and rebuying the product and the size of the market. Market testing varies as to whether the product is a consumer good or an industrial good. For a consumer good the objective of the market testing is to estimate trial, first repeat, adoption and purchase frequency and can be conducted through sales wave research, simulated store technique, controlled test marketing, or test markets. Industrial goods market testing can be done through “product- use test”, trade shows, etc.

### **2.10.8. Commercialization**

In this stage, full-scale production and marketing programs are planned and then implemented. Up to this point in development, management has virtually complete control over the product. However, once the product is “born” and made available for purchase, the external competitive environment becomes a major determinant of its destiny (Etzel, 2001:228).

## **2.11. New Product Adoption and Diffusion**

As Etzel and others, (2004:225) stated that the adopting process is the set of successive decisions an individual person or organization makes before accepting an innovation. And diffusion of a new product is the process by which an innovation spreads throughout a social system over time. By understanding this process, an organization can gain in sight in to how a product is or is not accepted by perspective customers.

### **2.11.1. Product Adoption Process**

There are six stages in the adoption process:

- **Awareness:** - In this stage, the person is only aware the existing product and is insufficiently motivated to seek information about it (Shajahan, 2001:146).



- **Interest:** - As Etzel (2004:225) prospect is interested enough to seek information.
- **Evaluation:** - According to Doyle, (2002:213) customers consider whether the product will meet their particular needs. Personal sources friends, colleagues; opinion leaders become important influences at this stage.
- **Trial:** - In favor of Walker, (2003:114) here the individual actually uses the product, if possible, on a limited basis to minimize risk. Trial is not tantamount to adoption; only if the use experience is satisfactory will the product stand a chance of being adopted.
- **Adoption:** - Here prospect decides whether to use the innovation on a full-scale basis (Stanton, 2004:225).
- **Confirmation:** - After adopting the innovation, prospect becomes a user who immediately seeks assurances that decision to purchase the product was correct (Etzel, 2004:225).

### 2.11.2. Adopter Categories

As the top of Doyle, (2001:213) the adoption process describes the way an individual customer learns about an innovation. The diffusion process describes how an innovation spreads through a market. Knowledge of this process can assist management in identifying target customers. The major point is that a market develops not uniformly, but by drawing distinctive new segments in to it. It is commonly identified five segments distinguished by the time they take to adopt the product:

- **Innovators:** - As Doyle, (2001:213) stated these are the first to adopt the new product. Technically, innovators are defined as the first 2.5 percent of customers. Innovators are venturesome; they are willing to take risks in trying new ideas. They are important first as the initial target segment for

an innovative product. Second, they personally influence latter adopters. A new product that fails to win the esteem of these innovators will find it difficult subsequently to penetrate the mass market.

- **Early Adopters:-**According to Pandit, (2004:226) Comprising about 13 percent of the market, early adapters purchase a new product after innovators but sooner than other customers. Unlike innovators, who have broad investments out side a local community? Early adopters are greatly respected in their social system; infact, other people are interested in and influenced by their opinions. Thus, the early adopter category includes more opinion leaders than any other adopter group. Sales people are probably used more as information sources by early adopters than by any other category.
- **Early Majority:** - the early majority, representing about 34 percent of the market, includes more deliberate consumers who accept an innovation just before the “average” adopter in a social and economic measures. Consumers in the early majority group rely quite a bit on advertises, salespeople, and contact with early adopters (Stanton, 2004:226).
- **Late Majority:** - the late majority as Walker, (2003:115) represent another 34 percent. Frequently, these individuals adopt a new product because they are forced to do so for either economic or social reasons. They participate in community activities less than the previous group and only rarely assume a leadership role.
- **Laggards:** - As per Sexena, (2004:241) they constitute 16 percent of the total market and display high resistance to change. They are avers to risk taking and until it is 100 percent safe to use the product, they generally don't buy it. They are loyal to existing brands and products.

## **2.12. Reasons for New Product failure**

As per author Doyle, (2001:197) there have been numerous studies of the success rates of new products. All of them suggest that most new products fail to achieve a reasonable return for business. The failure rates are particularly high for consumer products. Typical studies suggest failure rates of around 80 percent for consumer products, 30 percent for industrial products, and 20 percent for new services. Most researchers believe that failure rates are likely to continue to increase. Factors causing this include: shortening product life cycle, rising costs of developing new products, increasing environmental and consumer legislation, global competition, more new products, increasingly segmented markets, and declining profitability of brand followers.

Furthermore, this high and raising failure rate has three implications for management. First, new product development needs to be carefully planned. Second, since many, or most, new product ideas will be weeded out before the commercialization stage, management need to stimulate a large pool of potential new products from which a few winners may emerge. Finally, as risk taking, and consequently the acceptance of new product failures, is the fundamental to the innovation process, management must look for ways reduce the cost of these failures means of limiting these down side risks.

## **CHAPTER THREE**

### **DATA PRESENTATION ANALYSIS AND INTERPRETATION**

This chapter is deals with the analysis and interpretation of the study based on the data gathered from the respondents of Addis Foot-Wear PLC customers, marketing manager and marketing employees. Since the study concentrates on the Addis Ababa market, out of unknown number of customers considered as target population, 200 of the customers were selected as sample respondents using convenience sampling technique while from the company's five marketing employees all were selected and the marketing manager were considered as sample respondents. 200 copies of questionnaires were distributed to customers. As 185 customers filled out the questionnaires and all marketing employees were able to respond to the interview checklist, the rates of return for questionnaires were 92.5% for customers.

The information obtained from the manager and customers is summarized using descriptive statistics method where by raw data was computed in percentage. The summarized data is then analyzed by applying descriptive analysis method using tables, followed by detailed explanation. Finally, critical interpretation is made to demonstrate implications of the major findings.

#### **3.1. General Characteristics of the Respondents**

The following table (table 1) has information on the general characteristics of respondents including their age and sex distribution, educational background, and occupation.

**Table 1** General Characteristics of the Respondent

No	Item	Respondents	
		No	Percentage
1	Sex		
	A. Male	75	40.55
	B. Female	110	59.45
	<b>Total</b>	<b>185</b>	<b>100</b>
2	Age distribution		
	A. 16-25	30	16.22
	B. 26-35	52	28.11
	C. 36-45	65	35.14
	D. 46 & above	38	20.54
<b>Total</b>	<b>185</b>	<b>100</b>	
3	Educational background		
	A. Below 10 <sup>th</sup> grade	27	14.6
	B.10 <sup>th</sup> grade completed	32	17.3
	C. Certificate	38	20.54
	D. Diploma	25	13.51
	E. Degree	18	9.72
	F. Others	45	24.32
<b>Total</b>	<b>185</b>	<b>100</b>	
4	Occupation		
	A. Office job	65	35.14
	B. Business person	44	23.8
	C. Others	76	41.1
<b>Total</b>	<b>185</b>	<b>100</b>	

As it can be seen in Item I of Table 1 above, 75 (40.55%) respondents are male and 110 (59.45%) of the respondents are female. This figure tells us that the majority of the

respondents were female. Thus it is possible to say that Addis Foot –Wear products are more likely used by females than male. Thus, the possible explanation for this is the company concentrates more on female’s product and caters to their choices. Therefore, females are the most users of the company’s product.

Regarding age category as shown in item 2 of the same table respondents from age of 16-25 comprised 30(16.22%), from age 26-35 comprised 52(28.11%), from 36-45 comprised 65(35.14%), and 46 and above comprised 38(20.54%) of the total respondents. From this figure we can understand that the majority of the respondents were between the ages 26-35. This finding looks that Addis Foot- Wear products are highly used by the customers who are found in this specific age group. So most of the company’s products are used by matured customers. From this, one can understand that the majority of the respondents were capable to give correct response to the questions raised.

On the same Table in Item III respondents were asked to rate their educational background. As a result, 27(14.6%) of the respondents are below 10<sup>th</sup> grade, 32(17.3%) of them are 10<sup>th</sup> grade completed, 38(20.54%) of them were certificate holders, 25(13.51%) of the respondents were diploma holders, 18(9.72%) were first degree holders, and 45(24.32%) were others which may include individual educated above first Degree. As it can be depicted in Item 3 of Table 1, the majority of the respondents were complete grade 10<sup>th</sup>, thus this figure tells us the majority of the respondents can give us relevant and real information about the company’s product that helps the student researcher to get reliable and useful data.

In relation to occupation category as shown in item 4 of the same table, 65(35.15%) respondents claimed to have office job respondents, 44(23.8%) were business persons, and the rest of the respondents constituted 60 (41.08%) of the total respondents which include housewives, field workers and others. As it can be seen the majority of the respondents were found to be engaged in activities other than office jobs and business.

### 3.2. Analysis of the Finding of the Study

This research study tries to investigate Addis Foot-Wear’s capability towards new product development from customers, employees and the manager’s point of view. Accordingly, various questions were raised to sample respondents mainly related with new product development, product quality and compliant handling mechanisms of Addis Foot-Wear Plc. Therefore, in this section response from customers, employees and company’s manager are presented, analyzed and interpreted as follows:

#### 3.2.1. Responses of customers of Addis Foot-Wear PLC

**Table 2** Customer’s General Response towards the Company Product

No	Item	Respondents	
		No	Percentage
1	Since when you have been using Addis Foot-Wear products?		
	A. From 1-5 years	23	12.43
	B. From 6-9 years	37	20
	C. From 10-13 years	58	31.35
	D. Above 14 years	67	36.21
	<b>Total</b>	<b>185</b>	<b>100</b>
2	Have you ever used plastic shoes other than Addis Foot-Wear products?		
	A. Yes	123	66.5
	B. No	62	33.5
	<b>Total</b>	<b>185</b>	<b>100</b>
3	If you use other products how do you rate the quality of Addis Foot-Wear products compared to other products?		
	A. Very high	13	7.02
	B. High	70	37.8
	C. Medium	102	55.13
	D. Low	—	—
	<b>Total</b>	<b>185</b>	<b>100</b>

As shown in Table 2 Item I, the respondents were asked since when they have been using Addis Foot-Wear products. In all respondents 23(12.43%) of them used Addis Foot-wear’s product for 1-5years, 37(20%0) of them used the product starting for 6-9 years, 58(31.35%) of them used the company’s product for 10-13 years, and the rest of the

respondents which are 67(36.21%) of the total respondents used the company's product for more than 14 years. This indicates that the majority of the respondents were customers of the company for 14 years and above. This implies that most of the respondents have enough knowledge about the company's product.

On Item II of the same Table the respondents were asked if they have ever used plastic shoes other than Addis Foot-Wear's product. 123(66.9%) of the respondents replied "Yes", and 62(33.51%) of them replied "No". This shows that the majority of the respondents have been using competitors' product. From this figure one can understand that most of the customers may switch to competitors' products if the company does not fulfill their needs and demand. So we can say that the company needs to do a significant change on its product to protect its customer from competitors.

In the final part or Item III of Table 2, the respondents were asked how they rate the quality of Addis Foot-Wear products compared to competitors' products if they use other products. 102(55.13%) of the customers rated medium, 70(37.8%) of them are rated as high, 13(7.02%) of the respondents rated very high, and no one responded by "low" or "very low". Thus, this implies that the majority of the respondents were some how satisfied by the company's product quality. As it is indicated in the literature the quality of a product is extremely significant, but it is probably the most difficult of all image building feature to determine. Users frequently disagree on what constitute quality in a product. In addition to this, according to Stevenson, (1999:420) quality refers to the ability product or service to consistently meet or exceed customer expectations. Based on this assertion, it can be claimed that the company has to improve its product quality to meet its customers need and want and exceed their expectation in relation to its product quality to be a good competitive in the market.



### 3.2.2. Customers Attitude towards Addis Foot-Wear Product

**Table 3** Customers response towards product improvement

No	Item	Respondents	
		No	Percentage
1	Has the company developed or modified its product development process since you became the customer of Addis Foot-Wear?		
	A. Yes	42	22.7
	B. No	123	66.5
	C. I don't know	15	8.11
	<b>Total</b>	<b>185</b>	<b>100</b>

As revealed in Table 3 of Item I above the respondents were asked whether the company has developed or modified its product development process since they became the customer of Addis foot- wear 123(66.5%) of the respondents replied “No” 42(22.7%) of them responded “Yes” and 15(8.11%) of them replied “I don't know”. Generally the majority, in line with this finding, of the respondents said that they have not seen a product development in the company's product. However, during the interview with the manager of the company, he said that if the company tries to introduce or modify its products the reaction of the customer were not much encouraging. For this reason the manager said that the company understood that it did not make a significant change in its products & still more improvements will be tried in the future to much the customers need & want in relation to product development. This shows that the company did not conduct the relevant market research. So the company needs to have market research which are concerned with satisfying the needs of specific customers or markets before new product are developed.

### 3.2.3. Customers Preference towards Addis Foot-Wear Product

**Table 4** Customer's Preference towards the product of Addis Foot-Wear \

No	Item	Respondents	
		No	Percentage
1.	To what extent do Addis Foot-Wear products match with your preference in reference to the criteria mentioned?		
	A. Attractive design		
	a. Very high	—	-
	b. High	—	-
	c. Medium	32	17.3
	d. Low	58	31.35
	e. Very low	95	51.35
	<b>Total</b>	<b>185</b>	<b>100</b>
	B. Durability		
	a. Very high	68	36.75
	b. High	53	28.64
	c. Medium	47	25.4
	d. Low	17	9.2
	e. Very low	-	-
	<b>Total</b>	<b>185</b>	<b>100</b>
	C. Color variety		
	a. Very high	30	16.22
	b. High	56	30.27
	c. Medium	71	38.37
	d. Low	28	15.14
	e. Very low	-	-
	<b>Total</b>	<b>185</b>	<b>100</b>
	D. Size variety		
	a. Very high	32	17.3
	b. High	62	33.5
	c. Medium	75	40.54
	d. Low	16	8.64
	e. Very low	-	-
	<b>Total</b>	<b>185</b>	<b>100</b>
	E. Comfort		
	a. Very high	29	15.7
	b. High	53	28.64
	c. Medium	81	43.8
	d. Low	22	11.9
	e. Very low	-	-
	<b>Total</b>	<b>185</b>	<b>100</b>
	F. Total capability of meeting your need		
	a. Very High		
	b. High	35	18.9
	c. Medium	59	31.9
	d. Low	74	40.0
	e. Very low	17	9.18
	<b>Total</b>	<b>185</b>	<b>100</b>

In Table 4 of Item I, respondents were asked to rate attractiveness of the design of the product in line with their preference. Among the total respondents, no one could reply very high or high. Rather, while 32(17.3%) of the respondents replied medium, 58(31.35%) of them respond low, and 95(51.35%) of the respondents rated it as very low. This indicates that most of the customers were not satisfied by Addis Foot-Wear product design attractiveness. This implies that the company's product design is poor compared to competitors. As it can be seen from the above table more customers selected that the company's product design is low and very low, and this is a bad implication because if the company's product design does not match the customers' need and want as compared to competitors customers will be dissatisfied, which will be an unfavorable sign in order to maintain good will in the competitive market. In relation to this based on the interview with the marketing manager it was found out that, all the top level management, like the general manager, production and technique manager, commercial manager participates in designing and materializing new product development process. So this shows that these department managers need to train about the dynamic of consumer needs and wants related with the choice of design to come up with favorable design.

In the same Table in Item I, **B**, the respondents were asked to rate the durability of Addis Foot-Wear product. 68(36.75%) of the respondents selected very high, 53(28.64%) of them are selected high, 47(25.4%) of the customers rated medium, and the remaining 17(9.19%) of them answered "low". This figure indicates that the majority of the respondents were satisfied with the company's product durability.

On the same table of item I, **C**, it can be clearly seen that 30(16.22%) of the respondents measured the company's capability of producing the product with color variety as very high, 56(30.27%) of them responded as high in relation to the same issue, 71(38.37%) of the respondents evaluated the company's product as medium and 28(15.14%) of them responded as low.

Thus from the above figure we can understand that even though there is a good picture in the customers mind regarding the color variety of Addis Foot-Wear product, the respondents measured the color variety of the product as medium. This shows that the

company does not enter equally in its entire customers mind. So there is a need to add different colors of plastic shoes by adding attractive designs.

With regard to Item I, of **D** of Table 4 to the question raised was in relation to the product size variety with matching the customer preference. In response 32(17.3%) had a very high level of evaluation, 62(33.51%) of the respondents had a high level of evaluation, 75(40.54 %) of the respondents had a medium level of selection, and out of the total respondents 16(8.64%) of them had a low level of measurement. As it is shown above majority of the respondents have a medium level of evaluation with regard to size variety of the Addis Foot-Wear's product. This situation tells us that even if the company's product offers with regard to size variety not bad; it does not mean that it is in a good position. Therefore, the company needs to get more information as well as to conduct a market research to come up with variety of sizes as needed by customers to satisfy them as much as possible and to control the market.

On the other hand on the same Table Item I, E out of those respondents who were asked about comfort of the product, 29(15.7%) of them measured the company's capability of producing the product with comfortable materials as very high, 53(28.647%) of them gave their response as high, 81(43.8%) of the respondents agree that the comfort of the product as medium, and the remaining 22(11.9%) of the customers selected low and there is no respondents that evaluated the comfort of the product as very low. Thus from the above figure we can understand that the company is not that much out standing in producing comfortable product for its customers. So the implication here is that finding a situation for producing comfortable product is in turn a solution to maximize the company's market share.

At the end of Item I F of Table 4 customers were asked to rate the total capability of the company's product to meet their need. Thus, about 35(18.9%) of the respondents replied as very high, 59(31.9%) of the respondents answered as high, 74(40%) of the respondents replied as medium, and the remaining 17(9.18%) of them evaluated this as low. From this figure we can see that the majority of the respondents rated it as medium. So the company needs to concentrate on conducting market research to understand the changes

and flexible needs and wants of its customers, and to import modern machines to meet customers need and want as well as to maximize its market share.

In relation to this, during an interview made with the company’s Marketing Manager he replied that:

*“To be frank I don’t believe that we have enough technological advancement and trained people to come up with significant change on the process of new product development. But we are on the way to purchase newly introduced machines, to train the employees who makes designs and other related things and as well as to hire more qualified employees who have the ability to generate new ideas to strengthen the product development process of the company.”*

Thus the implication is that the Company’s machines as well as the employees who are directly responsible for developing new products are not capable enough to give the desired product for its customers. This may create dissatisfaction on the customer’s side which may in turn affect the company’s profitability.

### 3.2.4. Customers Evaluation Related with the Product Offered

**Table 5** Customers perspective towards Addis Foot-Wear product

No	Item	Respondents	
		No	Percentage
1	Which characteristics make Addis Foot-Wear products unique or differentiated?		
	A. Cost effectiveness		
	B. Design	35	18.9
	C. Quality	8	4.324
	D. Durability	25	13.5
	E. Specify if others.....	79	42.7
		38	20.5
	<b>Total</b>	<b>185</b>	<b>100</b>

As revealed on Item I of Table 5, with regard to the unique characteristics which make Addis Foot – Wear’s product different 8(4.324%) of the respondents indicated the product design, 25(13.5%) of them choose the quality of the product which implicate that

various connotations of quality is that customer value certain aspects of a product, and there for associates those aspects with the quality that they pensive a product has, 3518.9%) of them indicated the product cost effectiveness (cheep price), 38(20.5%) of them indicated others like size, color, comfort etc..., and the remaining 79(42.7%) of them are evaluated the durability of product with majority rate. From the above table one can understand the significant implication. As the number shows the company has to keep up its product durability by using modern technology. It also needs to give high attention to the product design that plays a strategic role in the degree to which an organization is able to achieve its goals. It is a major factor in costumer satisfaction, quality and production cost. Quality is clearly affected not only by design but also, during product by the degree to which production conforms to the intent of design, labor and equipment cost. In addition, in the current markets, the majority of the costumers are younger population and they are attracted by the product design and also there is a big competition regarding producing fashionable products. So in order to be a leader in the market, the company needs to give attention to the product design so as to meet the current customer needs and wants.

### 3.2.5. Customers Response towards Addis Foot-Wear product Modification or Improvement

**Table 6** Customer's response towards the company's product modification that can be Lead to a new product development

No	Item	Respondents	
		No	Percentage
1	What do you want the company to incorporate for you when it produces the new product or modifies the existing ones?		
	A. Fashionable designs	72	38.9
	B. Variety of colors	23	12.4
	C. Variety of sizes	45	24.3
	D. Comfortable	31	16.7
	E. Durability	14	7.5
	<b>Total</b>	<b>185</b>	<b>100</b>

As it can be seen in table 6 above the respondents were asked what they want the company to incorporate for them when it produces the new product or modifies the existing ones. 72(38.9%) of the respondents replied as fashionable design, 45(24.3%) of them replied as variety of size, 31(16.7%) of them selected as comfortable product, 23(12.4%) of the respondents replied as durability. Thus based on the response received from majority of the respondents it is understood that the company's product design does not follow the current fashion desired by the market. The company also has to see the nature of the size of feet if in the new generation. There fore, the company has to conduct market research related with product design and increase the size of the products to satisfy its customer needs and to protect them from shifting to the competitors' product.

### 3.2.6. Addis Foot-Wear's General Characteristics of the Product

**Table 7** General Characteristics of the Product Compared To the Other Plastic Shoe Products

No	Item	Respondents	
		No	Percentage
1.	What comes to your mind when you think of or see the company's product?		
	A. a. High quality	35	18.9
	b. Durability	83	44.8
	c. Good design	–	–
	d. Cost effectiveness	67	36.2
	<b>Total</b>	<b>185</b>	<b>100</b>
	B. a. Inferior quality	24	12.9
	b. Non durability	–	–
	c. Poor design	135	72.9
	d. Expensive price	26	14.05
<b>Total</b>	<b>185</b>	<b>100</b>	

As we can see from Item I-A- of Table 7 concerning the perception of the customers towards the product of Addis foot0 Wear 83(44.8%) of the respondents the durability of the product 67(36.2%) of the respondents associated the product with cost effectiveness, 35(18.9%) of the respondents recalled the quality of the product. Thus based on the response received the majority of the respondents perceive that the company has a very good image with regards to product durability.

On the other hand, on the some table of item I of B-135 (72.9%) of the respondents perceive the company's product as poor design, 26(14.05%) of them associated the product with expensive price and the remaining 24(12.9%) of them recalled the product as less quality. This implies that the company has unfavorable image with regards to product design. Therefore, as it can be seen on the above table, the company needs to keep up its product durability & also needs to work hard with regard to product design.



### 3.2.7. Addis Foot-Wear's Feed back Handling Practice

**Table 8 Customers Complain Handling Practices**

No	Item	Respondents	
		No	Percentage
1	Have you ever had any kind of complaint on the company's product?		
	A. Yes	115	62.2
	B. No	70	37.8
	<b>Total</b>	<b>185</b>	<b>100</b>
2	If you answered "Yes" to the above question what were most of your complaints about?		
	A. Quality		
	B. Durability	33	17.83
	C. Design	11	5.9
	D. Price	98	52.9
	E. Others	25	13.5
		18	9.78
	<b>Total</b>	<b>185</b>	<b>100</b>
3	Have you ever explained your complaint to Addis Foot-Wear PLC?		
	A. Yes	75	40.54
	B. No	110	54.45
	<b>Total</b>	<b>185</b>	<b>100</b>
4	If your responses to item 11 "Yes" please mention to whom you expressed your complaint?		
	A. To manager		
	B. To the sales persons	12	16
	C. By suggestion box	63	84
	D. To complaint handling department	-	-
		-	-
	<b>Total</b>	<b>75</b>	<b>100</b>
5	When you presented your complaint did you get fast response?		
	A. Yes	21	28
	B. No	54	72
	<b>Total</b>	<b>75</b>	<b>28</b>

Based on the figure given on item I- of Table 8 115(62.26%) of the respondents had complaints towards the company's product and the remaining 70(37.8) of the respondents did not have any complaint. This implies that the majority of the respondents had a complaint about company's product. Perhaps many new product ideas come from

customers, describing their problems in using the product. Thus, when a firm listen to its customers problems & expectations, it can come up with new ideas, which would be successful in the long run. Therefore the company needs to identify its customer complaints and level of satisfaction to be successful in the long run.

On the other hand on the same table of Item II those respondents who revealed that they had complaints were asked to mention the most complaints about. 98(52.9%) of the respondents complained about its product design, 33(17.83%) of them respond about the product quality, 25(13.5%) of them are had complain about its price, 18(9.78%) of them respond about others which are size, color, accessibility etc, & the remaining 11(5.9%) of them respond about the durability.

According to this information one can understand the majority of the respondents' complaints were about its product design. So, as it has been earlier expressed the company needs to work strongly and gives better attention to its product design and needs to train the product designers and hire professional designers to keep its customers from shifting to competitors. And also the company needs to collect information about its competitor's product development strategy, objective, strength & weaknesses. A successful competitor firm who makes project from new product can be a good source of new ideas. A company may be motivated to test this product can be a good source of new ideas. A company may be motivated to test these product ideas. It may look for unfulfilled market needs or gaps that competitors may have left in this product market. This assertion goes with the focus group discussion result with the company's marketing employees that they said the company does not see the competitors product strategy, objective strength & weaknesses when it come up with new products in the market.

On the same table in item III the respondents were asked if they had ever explained their complaint to Addis Foot-Wear Plc. 75(40.54%) of the respondents answered by "Yes" and the remaining and the majority of the respondents responded "No". Based on this figure we can understand that the majority of the respondents could not explain their complaint to the company. According to Sexena, (2004:422) customer service is a key input in direct marketing. In a direct marketing physical contact with the decision

making service, therefore, is an investment and can not be ignored. The customer service mix today involves speed and accuracy of order fulfillment, immediate customer complaint resolutions to day customer's demand on the spot resolution of complaints. Prepared the suggestion box, compliant handling department, the internet and call center customers look for seamless complaint management. So, the company does not collect feed backs from its customers to correct or to cope up with new ideas. This figure also tells us that the company does not have a strong relationship with its customers. Besides, it also implies that the company does not have a good idea generation mechanism which is the first stage on new product development process. This assertion goes with the interview result with the company's marketing manager, he said that:

*“To be honest, our company does not follow the new product development stages properly. Even when we introduce new products in the market we do not make any market testing activities & also when we get new ideas we do not try to screen the idea because most of the time the new product suggestion come from the management. Because of these reasons most of the time our newly introduced products do not get a good response in the market & we have too much stocks”.*

From this we can conclude that the company does not have a good new product development strategy. In Table 8 Items IV respondents were asked company regarding to whom they expressed their complaint. 12(16%) of the respondents expressed their complaint to the Manager and 63(84%) of the respondents expressed to the company's sales persons. Based on the response gather from the open ended question what mechanism is used by the company to handle customer complaints majority of the respondents said that they have better chance to present their complaint to the sales persons. This implies that the company does not have enough compliant handling mechanisms up to the desired level. Therefore the company needs to build different compliant handling mechanism in order to gather different complaints and ideas.

And the final question on Table 8 of Item V the respondents were asked to check whether customers received fast response when they presented their compliant. 54(72%) of the

respondents respond “No” and the remaining 21(28%) of the respondents respond “Yes”. In line with this figure, a focus group discussion with Addis Foot-wear’s marketing employees revealed that presently the company does not have a means of collecting compliant from its customer in order to satisfy the needs of its customers.

From this we can understand that giving quick response to the customers compliant will result in better customer satisfaction which has an impact on the over all product development practice in turn has a significant influence on the company’s market share, total cost and profitability.

Finally, customers were asked to express their idea that can contribute for the improvement of the existing product or with regard to new product development phase. The majority of the respondents said that the company’s product design, accessibility, and color and size variety of the product lacks to meet their needs. Thus, they suggested that due consideration to these factors will enable the company to improve its product and develop its new products better. As an additional comment they also implied that the company should give attention as much as possible to the changes of customer needs and wants to come up with additional products, features and also give more attentions to use modern technologies and professional designers to satisfy its customers by producing better products. Since a product provides the generic needs and wants of the customer, it will maximize the market share of the company.

## **CHAPTER FOUR**

### **SUMMARY, CONCLUSIONS & RECOMMENDATIONS**

This chapter is the last part of the study which deals with summary of the major findings, conclusions & recommendations.

#### **4.1. Summary of the Major Findings**

To generalize the characteristics of the respondents which are diversified is sex; the majority of the respondents were female. In the case of their age the majority of the respondents group which covers 65(35.14%) of total respondents were between in the age range of 36-45 years. The summary of educational back ground shows that, the majority of the respondents were response as other & regarding their occupation, most of them were engaged in activates other than office jobs & business.

Based on the response made by customers towards the company's product with regards to the usage the product the majority of the respondents were 14 years & above. Concerning the customers experience towards the usage of other products other than Addis Foot-Wear products the majority of the respondents responded "Yes" and in relation to the product quality of the company compared to other products the majority of the respondents which covers 102 (55.13%) of them replied as medium.

In relation to customers preference toward Addis Foot-Wear product related to attractive design the majority of the respondents which covers 95(51.35%) replied as very low. Regarding the product durability, the majority of the respondents which covers 68(36.75) rated as very high.

Concerning about customers evaluation related with the product offered that which characteristics make company's product unique or differentiate from others durability & cost effectiveness got a good response rate from customers where as the product design & others such as accessibility, features etc got a bad perception from customers.

In relation to customers response towards company's product modification or improvement that can lead to a new product development, 72(38.9%) of the respondents

replied to incorporate fashionable design, 45(24.3%) of them replied to incorporate variety of size 31(16.7%) of them replied as variety of colors, and 14(7.5) of them replied to incorporate the product durability.

Concerning to the general characteristics of the products compared to other plastic shoe products, 83(44.8%) of the respondents replied their response durability is the most attribute comes to their mind when they think or see the company's product, & also 67(36.2%) of them said that about the cost effectiveness of the product is the second thing which in their mind when they think or see the company's product.

In relation to this 135(73%) of the respondents gave their response about the poor design of the product, 26(14.05%) of them gave their response about the expensive price, and 24(13%) of them respond about the inferior quality of the product which comes in their mind when they see or think about the company's product.

Finally, concerning about the customer service specifically company's complaint management, most of them complained about the company's product & also some of them expressed their complaint to the marketing manager & company's sales persons, while most of them had never expressed their complaint service mechanisms & also when they got a chance to express their complaint, they didn't get fast response which leads customer to shift to other competitors.

## 4.2. Conclusions

From the analysis in the previous chapter & the summary in this chapter the following conclusion are made:

- ✓ As it is revealed in the research findings the company has not have a well developed or effective and strong product development and this has a significant in pact the over all new product development practice of the company since it is the primary function and a very important element of product development which can increase the mutual benefit of both customers and the company.
- ✓ The company did not fully understand & indentified about competitors product development strategy, objective strengths and weaknesses. So, the company should consider all these things to satisfy all kinds of customers.
- ✓ The company has weak marketing management department which is responsible to study customer need, new technology related which products & way of new product development. So, in order to assess its position in the market, the company has its all research and development department.
- ✓ According to the findings majority of the respondents claim negatively in relation to design of the product. From this, we can conclude that the company's product has a poor design compared to other competitors. This means that since product design plays a strategic role in the degree to which an organization is able to achieve its goals and cost it leads to the general product quality failure.
- ✓ As the company mangers respond that the company boasts only about its product durability neglecting the design, size, color & quality of its product. So the company should be given an attention about the above things to be successful in the market and to enhance its market share.
- ✓ The company does not follow the formal new product development stages starting from idea generation up to commercialization.
- ✓ The company manager expressed the company faced limitation in relation with lack of skilled and trained labor to produce fashionable and has a attractive designs, lack of new technology that is new product development can be inspired

by technological changes as well as customer needs, relevant information's related with the changing customers need and wants.

- ✓ The company does not have a research and development department that helps the company to conduct market research to know the changes of costumers need and want. So it leads the company to loose its costumers as well as it market share.
- ✓ In relation to company's compliant handling mechanisms majority of them have complained but the company's compliant handling system/ mechanisms is poor. And customers can really get dissatisfied and it can push customers to look out and find other better competitors that can give them what they lost currently. So the company should give due care so as to be competent in the market.
- ✓ The company didn't give fast & appropriate response to the customer compliant. Because of these, customers will not to loyal and attracted to come and buy.



### **4.3. Recommendations**

After analysis of the funding conclusions are made and the study has forwarded the following recommendations to the company to recheck the system they are following and to take corrective action:

- The company should give due consideration to have modern machines or up to date technologies, so as to overcome problems related with the company's product design capabilities. In addition to this as much as possible it should try to hire professional product designers or should also to train the existing employees which can really reduce the dissatisfaction of customers & also reduce cost of production.
- It is important for the company to establish product objectives, to know something about the target market, to determine demand & competitive factors.
- The company should have a plan to improve its product quality based on the need & wants of its customers, so as to create better value in the market & to increase its market share.
- The company should give due consideration in relation with the market research that gives to the firm background to create products that deliver real benefits, real solutions to problems. The company's customer has certain expectations about the products she/ he buys. What they will do, what they will convey about her/his, & how long they will do. What they will convey about her/his and how long they will last. Understanding these expectations helps develop products that meet and perhaps even exceed them. Performing even simple market research will give for the company a basic understanding of their customers' expectations. So the company should conduct market research to evaluate its performance and to gather the necessary information about target customer to understand their preference and develop modern and preferable plastic shoes based on customer expectation.
- The company should flow properly the procedure or stage in developing new product. In order to produce competitive product, the company in products should pass through the stages.

- The company should keep up its product durability by using new technologies.
- The company should work towards reducing problems related with poor design of the product and lack of up to date products.
- Employees must be equipped with the needed knowledge, skill and techniques to perform efficient and effective new products active.
- It is clear that company is not well familiarized with all product strategies. So the company must change its product strategies through using up to date technologies to improve its market share in the current market and to be competitive.
- The company should give due attention for customers complaints, build different compliant handling mechanisms and it has try to minimize such inconvenience.
- The company should observe the current competitive environment & is expected to act accordingly.

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**APPENDIX-A**  
**St. Mary's University College**  
**Business Faculty**  
**Department Of Marketing Management**  
**Interview Question Forwarded to**  
**Marketing Manager**

1. What kind of procedure does your company follows when developing or redesigning the product?
2. Who is responsible for designing & materializing new products?
3. To what extent does the company follow all the necessary (eight steps) in new product development?
4. To what extent does the company cope up/improve its product in line with technological advancement?
5. What is your basis to develop new products?
6. How do you see the important of market research on new product development?
7. What challenges do you face in developing new products or modifying your existing products?
8. How does the company tackle the problem in developing & marketing the product to sustain in the market?
9. What initiates you to develop or modify new product?
10. Do you consider the changing customer needs and wants while developing new products?
11. How do you handle customers questions or compliant?

**Appendx- B**  
**St. Mary's University College**  
**Faculty of Business**  
**Department of Marketing Management**

**Focus Group Discussion Guides with the Addis foot-Wear  
PLC Marketing Employees**

The following focus group discussion guides were aimed to collect data from the company's five marketing employees about the issue related to new product development practice of the Addis Foot-Wear PLC.

1. What is your position in the company?
2. For how many years have you worked in the company?
3. What is your educational level?
4. What kind of procedure (steps) does your company follow when developing or redesigning the product?
5. What is the objective of your company when it produces new products or modifying the existing product?
6. What type of problems do you face in developing new products or modifying the existing?
7. How far does the company consider the changing customer needs and wants while developing new products?
8. Do you think your company's product offer meets customer expectation?
9. How and when does the company conduct market research for its product development?
10. How do you collect feedback from the users of your product?
11. How do you handle customers question or complaint?

**Appendix-C**  
**St. Mary's University College**  
**Business Faculty**  
**Department Of Marketing Management**  
**Questions to Be Filled By Addis Foot Wear Plc Customers**

This questionnaire is prepared by a student researcher, prospective graduate of year 2010 in the field of Marketing Management to collect information for the partial fulfillment of a survey essay. And the main objective of this questionnaire is to evaluate the new product strategy of Addis Foot-Wear PLC. There fore, you are kindly requested to fill this questionnaire honestly and with due care because correctness of the answer will have paramount importance on the out come of the research. The answers you give will be treated with act confidentiality.

Thank you in advance for your sincere cooperation.

**General instructions**

- It is not necessary to write your name
- For the question below please put “✓” mark for the answer you choose and write your ideal on the provided space.

**I. General characteristics of the respondent**

1. Sex

a. Male

b. Female

2. Age

a. 16-25

c. 36-45

b. 26-35

d. 46 and above

3. Education background

a. Below 10<sup>th</sup> grade

d. Degree

b. Certificate

e. Others

c. Diploma

4. Occupation

- a. Office job
- b. Business person
- c. Others

**II. Questions related with the product**

1. Since when have you been using Addis foot wear products?

- a. From 1-5 yrs
- b. From 6-9 yrs
- c. From 10-13 yrs
- d. Above 14 yrs

2. Have you ever used plastic shoes other than Addis foot – wear products?

- a. Yes
- b. No

3. If you use other products how do you rate the quality of Addis foot wear products compared to other products?

- a. Very high
- b. High
- c. Medium
- d. Low
- e. Very low

4. Has the company developed or modified its products development process since you became the customer of Addis foot – wear?

- a. Yes
- b. No
- c. I don't know

5. With what extent do Addis foot wear products match with your preference in reference to the criteria mentioned below?

a. Attractive design

- Very high  high  Medium  Low  Very Low



b. Durability

Very high  high  Medium  Low  Very Low

c. Color variety

Very high  high  Medium  Low  Very Low

d. Size variety

Very high  high  Medium  Low  Very Low

e. Comfort

Very high  high  Medium  Low  Very Low

f. Total capability of meeting your need

Very high  high  Medium  Low  Very Low

**Instruction**

Please tick the characteristics that best differentiate Addis Foot-Wear products in the order of priority for question number 6 and 7.

Assign 1 for vary high Assign 2 for high Assign 3 for medium  
Assign 4 for low Assign for 5 very low

6. Which characteristics mark Addis foot wear product unique or differentiate?

- a. Cost effectiveness
- b. Design
- c. Quality
- d. Durability
- e. Specify if others \_\_\_\_\_

7. What do you want the company to incorporate for you when it produces the new product or modifies the existing ones? (you can tick mark on more than one choice, as applicable)

- a. Fashionable designs
- b. Variety of colors
- c. Variety of sizes
- d. Comfortable
- e. Durability

8. What comes to your mind when you think of or see the company's product?
- |                       |                          |                     |                          |
|-----------------------|--------------------------|---------------------|--------------------------|
| a. High quality       | <input type="checkbox"/> | a. Inferior quality | <input type="checkbox"/> |
| b. Durability         | <input type="checkbox"/> | b. Non Durability   | <input type="checkbox"/> |
| c. Good design        | <input type="checkbox"/> | c. Poor design      | <input type="checkbox"/> |
| d. Cost effectiveness | <input type="checkbox"/> | d. Expensive price  | <input type="checkbox"/> |

9. Have you ever had any kind of complaint on the company's product?

- a. Yes                       b. No

10. If you answered "Yes" to the above question what were most of your complaints about? Quality, durability, design, price or others\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

11. Have you ever explained your complaint to Addis foot wear PLC?

- a. Yes                       b. No

12. If your responses to item 11 "yes" please mention to whom did you express your complaint?

- a. To the manager
- b. To the marketing employee
- c. By suggestion box
- d. To complaint handling

13. When you presented your complaint did get fast response?

- a. Yes                       b. No

14. Does the company have any mechanism to collect feedback from its customers?

- a. Yes                       b. No

15. If you answered “Yes” to the above question, what mechanism is used by the company?

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---

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16. If you have any idea that can contribute for the improvement of the existing product or with regard to new product development phase please specify on the space provided?\_\_\_\_\_

---

---

**የቅድስት ማርያም ዩኒቨርሲቲ ኮሌጅ**

**ቢዝነስ ፋክልቲ የሚኬቲን ሜጅሪመንት የትምህርት ክፍል**

**በአዲስ ፕላስቲክ ጭንቀት ማህላ ማጠቃለያ**

**የመጠይቅ አላማ**

ይህ መጠይቅ የተዘጋጀው በቅድስት ማርያም ዩኒቨርሲቲ ኮሌጅ የመጠይቅ አመት ተመራቂ ተማሪ ለመመረቅ ጥናት መረጃ ለመሰብሰብ ነው። የመጠይቅ አላማ በአዲስ ፕላስቲክ ጭንቀት/የተ/የግ/ከባንያ አዲስ ምርትን ለመመዘን የተዘጋጀና በድርጅቱ ምርቶች የተጠቃሚዎችን አጠቃላይ እርካታ ወይም ከምርቱ ጋር ተያዥነት ስላላቸውቸዋል ለማሳየት ለማድረግ ለመደረግ እንዳለበት ለማጥናት በምርቱ ተጠቃሚደንበኞች እንዲሟሉ የተዘጋጀ መጠይቅ ነው። ስለዚህም የመልሶቹ በትክክል መሞላት ለወጠቱ ከፍተኛ አስተዋፆ ስለሚኖረው በዚህ መመሪያ ፅሁፍ ላይ ትብብር ስለሚደርግሎኝ በቅድሚያ አመሰግናለሁ።

**ማሳሰቢያ:-**

- በዚህ መጠይቅ ላይ ስም መጻፍ አስፈላጊ አይደለም
- ለተጠቃሚዎች ጥያቄ ከተሰጠች አሜሪካውያን ትክክለኛ ነው ብለውባሁበት ላይ <<✓>> ይህንን ምልክት ያድርጉ

**ክፍል አንድ**

1. ያታ
  - ሀ) ወንድ       ለ) ሴት
2. እድሜ
  - ሀ) 16-25       ሐ/ 36-45
  - ለ) 26-35       መ/ 46 እና ከዛ በላይ
3. የትምህርት ደረጃ
  - ሀ) ከ10ኛ ክፍል በታች       መ/ ዲግሪ
  - ለ) ሠርተፊኬት       ሠ/ ሌላ ካለ
  - ሐ) ዲፕሎማ
4. የስራ መስክ
  - ሀ/ የቢሮ ሰራተኛ       ለ/ ነጋዴ       ሐ/ የመስክ ባለሙያ       መ/ ሌላ ካለ ይጠቀሱ

**ክፍል ሁለት ከምርት ቴያዥነት ያለው ጥያቄ**

1. የአዲስ ፕላስቲክ ጭንቀት ማጠቃለያ ከጀመሩ ምን ያህል ጊዜ ሆንዎታል?
  - ሀ/ ከ1-5 ዓመት       ለ/ ከ6-9 ዓመት       ሐ/ ከ10-13 ዓመት       መ/ ከ14 ዓመት በላይ

2. ከአዲስ ፕላስቲክ ጫፃም ጋር ወይን ት የፕላስቲክ ጫፃም ተጠቅሞ ያወቃል?

ሀ/ አዎ

ለ/ አላወቅም

3. የተፎካካሪ የንግድ አጋሮች ተጠቅሞ የሚያወቁ ከሆነ የአዲስ ጫፃም ምርትንና የምርቱን ጥራት እንዴት ያዩታል?

ሀ/ በጣም ከፍተኛ

ለ/ ከፍተኛ

ሐ/ መካከለኛ ነው

መ/ ዝቅተኛ

ሠ/ በጣም ዝቅተኛ

4. የአዲስ ፕላስቲክ ጫፃም ተጠቃሚ ከሆኑ በት ቀን አንስቶ እስከ ዛሬ ድረስ በምርቱ ላይ መሻሻል አይተው ያወቃል?

ሀ/ አወቃለሁ

ለ/ አላወቅም

ሐ/ መወሰን ያቅተኛል

5. የአዲስ ፕላስቲክ ጫፃም ማስተላለፍ ነገሮች ከፍላጎት አንፃር ምን ያህል አሜሊቷል ብለው ያምናሉ?

**5.1. ሜኪ ቅርጽ**

ሀ/ በጣም ከፍተኛ

ለ/ ከፍተኛ

ሐ/ መካከለኛ

መ/ ዝቅተኛ

ሠ/ በጣም ዝቅተኛ

**5.2. ቆይታውና ብርካቱ**

ሀ/ በጣም ከፍተኛ

ለ/ ከፍተኛ

ሐ/ መካከለኛ

መ/ ዝቅተኛ

ሠ/ በጣም ዝቅተኛ

**5.3. የተለያዩ ቀለሞችን ተጠቅሞ ማህረት**

ሀ/ በጣም ከፍተኛ

ለ/ ከፍተኛ

ሐ/ መካከለኛ

መ/ ዝቅተኛ

ሠ/ በጣም ዝቅተኛ

**5.4. የተለያዩ ማጠቃለያ ማጠቃለያ**

ሀ/ በጣም ከፍተኛ

ለ/ ከፍተኛ

ሐ/ መካከለኛ

መ/ ዝቅተኛ

ሠ/ በጣም ዝቅተኛ

ሀ/ በጣም ከፍተኛ

ለ/ ከፍተኛ

ሐ/ መካከለኛ

መ/ ዝቅተኛ

ሠ/ በጣም ዝቅተኛ

**5.5. በአጠቃላይ የእርስዎን ፍላጎት የማሟላት ብቃት**

ሀ/ በጣም ከፍተኛ

ለ/ ከፍተኛ

ሐ/ መካከለኛ

መ/ ዝቅተኛ

ሠ/ በጣም ዝቅተኛ

ለጥያቄ 6 እና 7 እባክዎን የአዲስ ፕላስቲክ ጫፃም ምርቶችን ይበልጥ ለየት ያደርጓቸዋል ብለው የሚያስቡትን በቅደም ተከተል ያስቀምጡልን፡፡

በጣም ከፍተኛ ለሆነ 1

መካከለኛ ለሆነ 3

በጣም

ዝቅተኛ 5

ከፍተኛ ለሆነ 2

ዝቅተኛ ለሆነ 4

6. የአዲስ ፕላስቲክ ጫፍ ለየት የሚደርገው ባህሪ የትኛውን ውበለው ያስባሉ? (እንደአግባብነቱ ከ1 በላይ መሞረጥ ይችላሉ)

ሀ/ የምርቱ ተመጣጣኝ ዋጋ

ለ/ ቅርፁ

ሐ/ ጥራቱ

መ/ ብርካቱው

ሠ/ ሌላ ካለ ይጥቀሱ \_\_\_\_\_

: :

7. የአዲስ ፕላስቲክ ጫፍ ምርት ከሚከተሉት በተጨማሪ ቢያካትት ብለው የሚያስቡትን ቢጠቅሱልን

ሀ/ ከጊዜው ጋር የሚደረግ ዲዛይን  ለ/ በተለያዩ ቀለሞች ቢቀርብ

ሐ/ በተለያዩ መጠኖች ቢቀርብ  መ/ ምቹት  ሠ/ ቆይታው እና ብርካቱው

8. የአዲስ የፕላስቲክ ጫፍ ሲያስቡ/ሲያዩ/ የትኛው መላያ ወጪ ያስታውሳሉ?

ሀ/ ጥሩ ጥራት ያለው

ሀ/ ዝቅተኛ ጥራቱን

ለ/ ብርካቱ/ቆይታውን

ለ/ አለመባርተኝነትን

ሐ/ ጥሩ ቅርፅ

ሐ/ ወድ መሆኑን

መ/ ተመጣጣኝ ዋጋ መሆኑ

መ/ ጥሩ ቅርፅ አለመኖሩ

9. የአዲስ ፕላስቲክ ጫፍ ምርት ላይ ቅራኔ ወይም ጥያቄ ተፈጥሮብዎት ያወቃል?

ሀ/ አዎ

ለ/ አይ

10. ከላይ ለተጠቀሰው ጥያቄ ምላሽዎ “አዎ” ከሆነ ቅራኔዎን በየትኛው የምርቱ ዙሪያ ነበር ጥራቱ ቆይታው ብርካቱው ቅርፁ ዋጋው ወይም ሌላ \_\_\_\_\_

: :

11. ቅሬታዎን ለካምፒው ልፀ ወያ ወቃሉ?

ሀ/ አዎ

ለ/ አይ

12. ከላይ ለተጠቀሰው ጥያቄ መልስዎ “አዎ” ከሆነ ጥያቄዎን ወይም ቅራኔዎን ለማን አቅርበው ወያ ወቃሉ

ሀ/ ለአስተዳደር ክፍሉ

ለ/ ለመ/ቤቱ ሰራተኛ

ሐ/ በሃሳብ መሳጫ ጥን

መ/ ለቅራኔ ተቀባይ ክፍል

13. ቅራኔዎን/ጥያቄዎን ሲያቀርቡ ምላሽ አግኝተዋል?

ሀ/ አዎ

ለ/ አይ

14. ድርጅቱ ከደንበኞቹ ቅሬታን ወይም አስተያየት የሚጠበቅብበት ሁኔታ አለ?

ሀ/አዎ

ለ/አይ

15. ከላይ ለተጠየቀው ጥያቄ መላስዎ "አዎ" ከሆነ ድርጅቱ በምን አይነት መንገድ ነው ቅሬታውን /አስተያየቱን/ የሚሰጠው? \_\_\_\_\_

\_\_\_\_\_ ::

16. በአጠቃላይ የአዲስ ፕላስቲክ ፋብሪካ ምርትን ተጠቃሚ ደንበኞቹ በአዲስ ምርት ወስጥ ወይም የቀድሞውን ምርት ለመቸኘት ይጠቅማሉ ብለው የሚያስበትን በተሰጠው ቦታ ላይ ቢገልጹልኝ

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