



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF MASTERS OF BUSINESS ADMINISTRATION

**AN ASSESSMENT OF NEW PRODUCT DEVELOPMENT CHALLENGES –
IN THE CASE OF SENSELET FOOD PROCESSING**

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Jun 9, 2024

Addis Ababa- ETHIOPIA

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BY: TSION ESAYAS

**UNDER THE GUIDANCE OF
DR. CHALA DECHASSA**

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APPROVED BY BOARD OF EXAMINERS

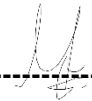
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ACRONYMS/ABBREVIATIONS

CAD	Computer Aided Design
CEO	Chief Executive Officer
EFDA	Ethiopian Food and Drug Authority
ETB	Ethiopian Birr
FBPIDI	Food, Beverage and Pharmaceutical Industry DevelopmentInstitute
FMCG	Fast Moving Consumer Goods
GTP-II	Growth and Transformation Plan – Two
MD	Managing Director
NPD	New Product Development
OP	Organizational performance
PD	Product Design
PL	Product Line
PQ	Product Quality
PS	Product Size
Q – Q	Quantile – Quantile
TML	Top Management Level
MBD	Marketing Business Development

ABSTRACT

The main purpose of this study is to assess the assessment of New Product Development and organization performance in the case of Senselet Food Processing. This research is descriptive type research & uses census survey. Both primary and secondary methods of data collection are applied. The key findings indicate that the major challenges of new product development include consumer perception, nature of new products, cost of marketing, mistrust in customer-company relationship, failure to adopt information technology, low-trained and inexperienced marketing staff, pricing of new products, lack of innovativeness, complex procedures in claims management, lack of awareness, cost of product development, and distribution issues. The main opportunities gained from new product development are profit maximization, winning customers, increasing market share, building brand, increasing business continuity, goodwill, and creating differentiated products. In conclusion, the study found that Senselet Food Processing faces several challenges in its new product development efforts that also impact organizational performance, but also has opportunities to leverage. To address these, the researcher recommends that the company should hire experienced professionals, develop a strategic marketing approach, and work to mitigate the key challenges identified in order to improve its overall organizational performance.

Keywords: *New Product Development, Organizational Performance, Food Processing, Challenges, Opportunities*

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

New product development (NPD) encompasses a wide range of activities, from creating entirely novel products to making minor modifications (Barclay et al., 2000). This comprehensive process is emphasized by Kotler and Keller (2009), who define NPD as the development of original products, improvements, modifications, and new brands through a firm's efforts. Barclay et al. (2000) highlight that this spectrum of NPD is all-embracing. Booz, Allen, and Hamilton (1982) categorize new products into six groups: new to the world, new product lines, additions to existing lines, improvements, revisions, repositioning's, and cost reductions.

Empirical research on NPD began in earnest in the 1960s with the "grand approach," as noted by Kuwashima (2012). This approach identified general success factors through comprehensive analysis of successful projects. In the 1970s, the focus shifted to specific themes in product development, a method known as the "focus approach." By the late 1980s, the "process approach" emerged, analyzing the relationship between the management of the NPD process and performance. Extensive research and development to expand the product range are key aspects of NPD, explained by Loch and Kavadias (2008), who note that NPD evolved as one of the four Ansoff Matrix product-market strategies.

Ulrich and Eppinger (2004) define the NPD process as "the set of activities beginning with the perception of market opportunity and ending in the production, sale, and delivery of a product" (p. 2). They emphasize that NPD requires contributions from nearly all company functions, encompassing numerous topics and challenges such as strategy formulation, resource allocation, and coordinated collaboration (Ulrich et al., 2004). Belliveau et al. (2002) describe NPD as "the overall process of strategy, organization, concept generation, product and marketing plan creation and evaluation, and commercialization of a new product" (p. 450). Louch and Kavadias (2008) also stress the importance of systematic planning, monitoring, and control in the NPD process.

Addressing customer needs is a product development challenge rather than solely a marketing, design, or manufacturing problem, as highlighted by Louch and Kavadias (2008). Numerous studies underscore NPD's influence on organizational performance. Nwokah et al. (2009) used variables like product quality, size, line, and design to demonstrate NPD's positive impact on performance. While Udegbe et al. (2013) focused on product quality, Benson et al. (2015) noted the effect of new and improved products. Regina (2011) found that product quality and speed to market significantly affect profitability. Chu-Mei Liu (2014) observed NPD's impact on operational performance, Heather D. (1990) on financial performance, and Chux (2010) on market share. Conversely, Sharma and Lacey (2004) identified greater financial market losses from product failures than gains from successes due to NPD's inherent risks and uncertainties (Cooper, 2001). Robin and Beebe (2007) emphasize that developing successful new products involves more than innovative ideas; it requires complex and time-consuming processes.

Based on Saxena (2002) a new product is any product which is perceived by the customer as being new. This could involve repositioning of offering the exits product at lower price, or making improvement in the existing product, or adding new product item to the existing product line, or for that matter, taking up a product line, which is totally new to the organization or new to the world. Firm can obtain new product in two ways. One through acquisition by buying the whole company, patent, or license to produce someone else's product the other is through new product development in the company own research and development department by new product improvement, product modification, and new brand that the firm develops through its own research and development efforts. (Kotler and Armstrong; 2006), as stated by (Donald and Russell; 2002) the development of new product typically occurs in stage. At each stage, the product evaluated to determine whether it makes sense to proceed to the next stage. Most product follow pattern such as idea generation, concept development, feasibility screening, concept testing, product development, product testing, market testing and commercialization.

Chips are one of the low cost processed foods, which are most widely consumed. They, amongst many snack items, have certain advantages such as being cheaper than the conventional snack items, easy to use at home or even during travel, easily being available in massive variety of shops, size, taste, packs and appeals to all age groups. Apart from the good taste these are foods with substantial energy having whole some and nutritious quality which are available at

reasonable price. They have good shelf lives at ambient temperatures. Besides being a very palatable vehicle of nutrition and energy, these biscuits convey the goodness of flour, fat and sugar in most acceptable and economical terms (Sharma et al., 2003). In light of the above, this study assesses the effect new product development and organizational performance in the case of Senselet Food Processing.

1.2 Statement of the Problem

A business firm introduces new products or services in to the market for two main reasons. Firstly, competition forces that 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)

The rationale for this study is to identify the relationship between new product development and organizational performance, pinpoint NPD success factors, and provide empirical insights to enrich the existing literature.

The major challenges identified include consumer perception, the nature of new products, the cost of marketing, and mistrust in the customer-company relationship. Technological and staff challenges include failure to adopt IT, low-trained marketing staff, pricing, and lack of innovativeness. Process and distribution issues include complex procedures, lack of awareness, the cost of product development, and distribution issues. This study applies these four variables to assess new product development in the case of Senselet Food Processing.

1.3 Research Question

- ✓ What is the effect of product quality on organizational performance?
- ✓ How does product size affect organizational performance?
- ✓ How does product line affect organizational performance?
- ✓ What is the effect of product design on organizational performance?

1.4 Objective of the Study

1.4.1 General Objective

The general objective of this study is to assess new product development challenges in Senselet Food Processing plc.

1.4.2 Specific Objective

- ✓ To explore the effect of product quality on organizational performance.
- ✓ To describe the effect of product size on organizational performance.
- ✓ To explain the effect of product line on organizational performance.
- ✓ To reveal out the effect of product design on organizational performance.

1.5 Significance of the Study

This research on Senselet Food Processing's new product development practices is significant for several key reasons:

1. **Organizational:** The findings provided Senselet with concrete, actionable insights to enhance the efficiency and effectiveness of their new product development processes. By identifying areas for improvement, the company can make targeted changes to better align their innovation efforts with evolving market demands. This can lead to increased success rates for new product launches and stronger competitive positioning.
2. **Industry Relevance:** As a player in the highly competitive food processing sector, the lessons learned from Senselet's experiences will have broader applicability. Other firms in the industry can look to this study as a benchmark and source of best practices for strengthening their own new product development capabilities.
3. **Theoretical Contributions:** Beyond the practical business implications, this research will contribute to the scholarly understanding of new product development, particularly within the context of food manufacturing. The analysis of Senselet's processes, challenges, and strategies can validate or challenge existing theoretical models, leading to refined frameworks for managing innovation.

4. Replicability and Scalability: The methodological approach and conceptual insights generated from this study can serve as a template for investigating new product development in other organizations and industries. This replicability enhances the long-term academic and practical value of the research.

In summary, the significance of this study lies in its ability to drive meaningful organizational change, offer industry-wide relevance, advance academic theory, and provide a scalable model for future research and application. The findings have the potential to create a lasting impact on both managerial practice and scholarly discourse surrounding new product development.

1.6 Scope of the Study

This study focuses on Senselet Food Processing, specifically assessing new product development and organizational performance at its head office in Addis Ababa. Due to time and resource constraints, the research is limited to this location where product development is centralized. While this prevents an assessment of NPD strategies at regional or satellite facilities, the findings can provide valuable insights applicable to Senselet's broader operations. The research methodology involved in-depth interviews with key personnel in the product development and strategic planning functions.

1.7 Organization of the Study

This paper organized in five chapters.

- ✓ **The first chapter** is about Introduction, statement of the problem, research question, and objective of the study, scope of the study, significance of the study & organization of the study.
- ✓ **The second chapter** is about reviews of literature on the concepts of new product development and organization performance.
- ✓ **The third chapter** incorporates Methodology part and focuses on: Description of the Study Area, Research Design, Data type and Source, Sampling Design and Sample Determination, Methods of Data Collection, Methods of Data Analysis and Definition and ethical consideration.
- ✓ **The fourth chapter** is about data presentation, analysis & interpretation.
- ✓ **Finally, chapter five** incorporate summary of the Findings, Conclusions, Recommendations and Suggestions for future researchers.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Theoretical Literature

2.1.1 Over-view on New Product Development

The New product development is the set of activities beginning with perception of a market opportunity and ending with production, sale and delivery of a product (Ulrich and Eppinger, 2007). According to Cooper (2001), Crawford et al. (2003), and Kumar and Phrommathed (2005), a new product can be classified into several different categories; the first is new-to-the-world products which are the first of their kind and create an utterly new market. Levitt (1966) defined new product development as a means of extending the lives and expanding the markets of existing products by adding new features, styles, packaging, and pricing. Harmancioglu et al. (2007) noted that it is a system incorporating the dynamic and vigorous interactions between internal and external elements. Clark & Fujimoto (1991) defined the new product development process as a process by which a firm transforms data on market opportunities and technical possibilities into information assets for commercial production. Robin & Beebe (2007) defined a new product as any product that is new in nature, form, and intended for a certain target market.

Analyzing the categories of new products as defined by various authors provides a comprehensive understanding of the diverse strategies that companies employ in their product development efforts.

- 1 Revolutionizing Existing Categories or Creating New Ones: This strategy, highlighted by Crawford et al. (2003), emphasizes the innovation aspect of new product development. Companies pursuing this approach aim to disrupt markets by introducing entirely novel products or significantly transforming existing categories.
- 2 New Category Entries ("Me-Too" Products): Cooper (2001) discusses the concept of entering new categories by imitating existing products. While these products may not be groundbreaking in terms of innovation, they enable companies to enter new markets and compete with established players.

- 3 Additions to Product Lines (Line Extensions): This category, also discussed by Cooper (2001), involves introducing new items that complement existing product lines. Line extensions allow companies to leverage their brand equity and cater to evolving customer preferences within their established market segments.
- 4 Product Improvement : Crawford et al. (2003) and Cooper (2001) both address the significance of product improvements, which focus on enhancing the performance or perceived value of existing products. This strategy is crucial for maintaining competitiveness and meeting customer expectations in dynamic markets.
- 5 Repositioning: Cooper (2001) emphasizes repositioning as a strategic approach where companies target new market segments or address different customer needs with existing products. This strategy requires a deep understanding of market dynamics and consumer behavior.
- 6 Cost Reduction: Cooper (2001) outlines cost reduction as a category involving new products that offer similar benefits and performance to existing ones but at a lower cost. This strategy can enhance profitability and competitiveness, especially in price-sensitive markets.

By categorizing new products based on their strategic objectives, companies can align their innovation efforts with specific market opportunities, customer demands, and competitive landscapes. Each category represents a distinct approach to product development, reflecting varying degrees of innovation, market penetration, and value creation.

The development of new products is a complex and interdisciplinary endeavor that draws on various functions within a company (Ulrich et al., 2004). Chux (2010) emphasizes the need for integrating diverse actors with different knowledge and expertise to successfully develop technologically advanced products. Urban and Hauser (1993) highlight the collaborative nature of new product development (NPD), where marketing collaborates with research and development (R&D) and engineering to innovate manufacturing processes and design new products. Additionally, finance plays a crucial role by interacting with R&D, manufacturing, and marketing to allocate financial resources effectively (Urban & Hauser, 1993).

This multidisciplinary approach underscores the importance of cross-functional collaboration in NPD, where teams from different areas such as marketing, R&D,

engineering, and finance work together to bring innovative products to market. Each function contributes unique insights and expertise, contributing to the overall success of the new product development process.

The new product development process can be described as "a disciplined and defined set of tasks and steps that describe the normal means by which a company repetitively converts embryonic ideas into salable products or services" (Belliveau et al., 2002, p. 12). This process is essential for ensuring a continuous stream of successful new products, which is a key determinant of corporate success (Barclay et al., 2000). While various models of the new product development process exist, they share common key activities and functions. Although different terminologies may be used to describe the steps, the process typically commences with identifying market opportunities, proceeds with understanding customers' needs, engages in design development, conducts product and market testing, and concludes with the market launch. It is important to note that "in practice many of activities of the phases will be going on simultaneously and interaction will be common" (Urban & Hauser, 1993, p. 50).

2.1.2 Theories related to New Product Development

The study is grounded in two theories: the Ansoff Growth Matrix and the Resource-Based View, discussed as follows:

The Igor Ansoff Growth Matrix model (1957) serves as a strategic planning tool that aids executives, senior managers, and marketers in devising strategies for future growth by determining product and market growth strategy. This model enables businesses to identify growth opportunities and devise strategies drawing on internal and external influences. It provides a structured approach to assess potential growth strategies, including market penetration, product development, market development, and diversification. Market penetration involves selling established products in existing markets through increased promotion or price reductions. Product development focuses on introducing new products or services into existing markets. Market development entails selling existing products or services in new markets, while diversification involves entering new markets with new products simultaneously. Diversification is considered risky because it expands a business beyond its core activities, experience, and target market (Joy et al., 2013).

The Resource-Based View (RBV) theory, originating from Penrose's work (1959), underscores the significance of a firm's resources as fundamental determinants of competitive advantage and performance. This perspective assumes that firms within an industry or strategic group may possess heterogeneous resource bundles (Bridoux, 1997), leading to varying levels of competitive advantage. Additionally, resource heterogeneity is expected to persist over time as resources are not easily transferable across firms.

RBV is a dominant perspective in strategic management that aims to understand why certain firms consistently outperform others (Lilly & Juma, 2014). It employs the concept of competitive advantage to elucidate firm performance (Barner et al., 2001) and emphasizes that enterprises possess a bundle of capabilities and resources that contribute to sustainable competitive advantage and higher returns (Peteraf & Barney, 2003).

The Resource-Based View (RBV) theory posits that a company's competitive advantage and performance are determined by the effective and efficient utilization of its resources. This perspective emphasizes the importance of acquiring and managing valuable resources for organizational effectiveness (Barner, Wright & Ketchen, 2001). It suggests that a firm's product development strategy is influenced by the resources it possesses and its ability to deploy them optimally for achieving high performance.

Before the development of the resource-based theory, the prevailing belief was that a firm's profit potential was primarily influenced by its relative position within its industry (Barney, 2016). However, subsequent research highlighted the critical role of internal factors, such as a company's resources and capabilities, in maximizing performance. RBV argues that sustained competitive advantage is more easily achieved by leveraging internal factors over external ones. One strategy to attain this advantage is through product development aimed at existing markets, utilizing the firm's internal resources effectively.

RBV can be viewed as an "inside-out" process of strategy formulation, starting from an assessment of the firm's internal resources to define a strategy that generates maximum value sustainably (Grant, 1991). This approach emphasizes the strategic importance of internal capabilities and resources in driving competitive advantage and long-term success.

Resources encompass the fundamental inputs utilized in the production process, including capital equipment, tangible and intangible human resources within enterprises (Harrison et al., 2010).

On the other hand, capabilities refer to an enterprise's capacity to effectively utilize these resources (Harrison et al., 2010). The extent to which organizations exploit their resources and capabilities influences their overall performance (Lin, Peng & Kao, 2015). Thus, every organization possesses differing levels of resources and capabilities, and their strategic utilization plays a pivotal role in determining the firm's performance.

2.1.3 Relationship between New Product dimensions and Organizational Performance

2.1.3.1 Product Quality and Organizational Performance

Quality has become a top competitive priority and a prerequisite for the success of many firms operating in the global market place (Mahmood & Fatima, 2014). A primary reason fueling the drive for quality is that consumers around the globe are increasingly demanding better quality with lower prices. Kotler (1984) stressed that quality must be perceived by customers and that it must start with customer needs and end with customer perceptions. Quality is defined as “fitness for use” (Juran, 1989, p. 629). Crosby (1979) defined quality as “conformance to customer requirements”. Cooper (1979) also defined as “product superiority/ uniqueness”. Product quality is customer perception of the extent to which a product or service meets or exceeds their requirements relative to competing alternatives (Sethi, 2000). Teboul (1991) also identified quality as a means of winning market share, enhancing sales and creating barriers to entry. Deming (1982) emphasized that “top management must satisfy customer needs”. Different approaches of defining quality reflect two central issues: customer needs and the need-satisfying marketing offer.

Quality is concerned with organizational actions designed to ensure consistency or quality in approach, process and output (Lee, 2003). Zhang (2005) noted that quality has developed into an important part of corporate strategy that only those organizations with advanced quality systems achieve superior organizational performance and remain competitive in the marketplace. Prajogo and Sohal (2003) also argue that an organization's performance is also influenced by the extent to which quality is emphasized in the entire organization's systems and processes. More recent studies conducted by Yusof and Aspinwall (2000), Sousa and Voss (2002), Carter et al. (2010), Chin and Sofian (2011) and; Almansour (2012) have also reported that quality has a positive impact on business performance and organizational performance. Udegbe et al. (2013) and

Nwokah et al. (2009) operationalized the effect of new product development on organizational performance applying product quality as one dimensions of new product development. Selam (2019) also witnessed product quality as one of new product dimension in her study on the effect of new product development on customer satisfaction.

Garvin (1987) considered quality as a multi-dimensional construct in terms of eight critical dimensions that companies could compete on such as; performance (the primary operating characteristics of the product), features (special supplements to the primary operating characteristics of the product), reliability (the probability of the product failure within a specified time frame), conformance (the degree to which the product's design and operating characteristics meet predetermined standards), durability (the amount of usage the product offers before it must be replaced), serviceability (the speed, courtesy and competence of service people and the speed and ease of repair of the product), aesthetics (how the product looks, feels, sounds, smells or tastes) and perceived quality (quality as seen by the customer inferred from the marketer's reputation and image). Kotler and Keller (2012) also thought that the quality of the product consists of several indicators namely performance, features, reliability, compliance, durability, service ability and perceived quality. Thus, most of these product quality dimensions (performance, features, reliability/ consistency, conformance, durability and perceived quality) become applicable for this study to assess the effect of new product development on organizational performance as quality is one of NPD dimensions.

2.1.3.2 Product Size and Organizational Performance

Increased competition is forcing brand managers of consumer goods to alter the portfolio of the package sizes they offer (Elliott, 1993). Th greater the supply of a product (i.e. large package), the lower the transaction (replacement) costs for using the product and the greater the volume people are willing to use (Lynn, 1992; Worchel, Lee and Adewole 1975). In other word, the unit costs often vary inversely with packaging size because products from large packages are generally less expensive (per unit) than those from small packages, they may be used in greater volume (Wansink, 1996). Wansink (1996) also studied the effect of package size and fill level, cost, price promotion on usage volume found out that package sizes can be modified to either accelerate or decelerate (conserve) usage. The larger packages should encourage greater usage volume per usage occasion.

Different packaging sizes potentially appeal consumers with somewhat different involvement. For example, for some low involvement food products, such as generics, low price is made possible through cost savings created by reduced packaging and promotional expenses. Since generics are usually packaged in large sizes, this directly caters to the needs of consumers from larger households who are more likely to be specifically looking for good deals (Chernev & Hamilton, 2009). They find the low price of the generics, in larger packaging, is an attractive offer with excellent value for money (Prendergast & Marr, 1997). In addition, this could imply that when product quality is hard to determine, the effect of packaging size is stronger. Thus, elongating the shape within acceptable bounds should result in consumers thinking of the package as a better value for money. However, many other aspects of packaging could also conceivably affect perceived volume such as

The increasing impact of product size on retailer costs raises the question of how assortment size influences buyers' choice of a retailer. Thus, a retailer concerned with creating a cost- efficient size might want to know whether reducing the number of items in its assortment will lead to a decline in store attractiveness and lower the likelihood of consumers choosing the store. In the same vein, a retailer concerned with broadening its customer base might want to know whether increasing the choices in product size will result in greater store preference (Chernev & Hamilton, 2009). Packaging size can be described as a coordinated system of preparing goods for transport, warehousing information and sell. It is fully integrated into government business, institutional, industry, and personal use (Diana, 2005).

2.1.3.3 Product Line and Organizational Performance

Product line is the number of alternative products available within a product category at any given time (Sela *et al.*, 2009). A product line is a group of products that are closely related because they function in a similar manner are sold to the same customer groups, are marketed through the same types of outlets, or fall within given price ranges (Tewodros, 2018).

Large assortments allow consumers to find the products they want at a relatively low cost of searching, thereby better addressing consumer preferences and reducing uncertainty (Chernev & Hamilton, 2009; Oppewal & Koelemeijer, 2005). However, recent researches by Iyengar and

Lepper (2000) and Sela *et al.* (2009) has questioned the assumption that more variety always benefits consumers because it decreases consumers' motivation to make a choice, generates lower satisfaction and leads people to select options that are easier for them to justify. Increasing the assortment size leads to a cognitive overload, confusion among consumers, results in weaker preferences and a lower choice probability (Oppewal & Koelemeijer, 2005).

A company may expand downward to plug a market hole that otherwise would attract a new competitor or respond to a competitor's attack on the upper end and/or it may add low- end products because it finds faster growth taking place in the low-end segments in two ways: by line filling or line stretching. Product line filling involves adding more items within the present range of the lines. Product line stretching occurs when a company lengthens its product line beyond its current range. Nwokah *et al.* (2009) in their study of "Product development and organizational performance" they identified a significant and positive correlation between product line and organizational performance measures such as profitability and sales volume. Company's product mix has four important dimensions such as; width (the total number of product lines or category that a company offers to sell e.g. hard biscuit, soft biscuit), length (total number of products or varieties within a company's product lines), depth (total number of different products a company offers within a certain product line) and consistency (close relationship between different product lines or category) (Tewodros, 2018). Thus, these four indicators were applied to assess the effect of new product development on organizational performance since product line is one of NPD dimensions and implication on Udegbe *et al.* (2013) research work under the subtopic 'future study'

2.1.3.4 Product design and Organizational Performance

Product design is defined as the totality of features that affect how a product looks, feels, and functions (Joy et al., 2013). A well-designed product offers both functional and aesthetic benefits to consumers which could become an important source of differentiation (Koter & Keller, 2011). Thus, a product design will always aid to determine a consumer's choice of purchase amongst products of same brands and categories. A well-designed product can also be a point-of-difference in the marketplace aiding consumer acceptance, serving as a source of competitive advantage and becoming a powerful marketing asset for the organization (Joy et al., 2013)..

One of the major reasons for product or service development is to provide satisfaction for basic needs of customers. Therefore, product must be design in such a way that it will provide the necessary satisfaction for the customers in cost efficient way (Bagshaw, 2015). Morris (2009) stated that product design impacts every functional area of an organization. Thus, operations and marketing should be involved because sufficient information must be generated to clearly determine customer wants. This must be conveyed to those responsible for designing, marketing and producing a particular product or service. Furthermore, Pullman and William (2011) stated that the market demand for a product and its use must be clearly determined during the process design with data from sales personnel, marketing manager and others decision makers within the organization.

Product form creates first impression that how beneficial and distinctive the product is when compared to other products (Berkowitz, 1987). A consumer would become loyal to the product if the product fulfils the needs of the consumer. Also, the form of the product greatly affects the perception about the product and brand in consumers mind (Bitner, 1992 and Solomon, 1983).

To be sustained in the global scenario, organizations' focus is to design a production system that can fulfil all the demand orders within due dates at a reasonable cost (Malhotra, 2008). Since the 1930s the product design has been more creatively and strategically employed to achieve the market share (Berkowitz, 1987; Nussbaum, 1988). Kotler and Rath (1984) discussed design as a strategic tool for companies to gain competitive advantage but Nwokah et al. (2009) identified that there is no significant relationship between product design with sales volume and profitability.

The study utilized four product design dimensions (i.e. product composition, packaging design, labelling and communication and; ease of use) to observe the effect of new product development on the performance of case organization since product development is one of NPD success factor/dimension.

2.1.4 Organizational Performance

Organizational performance is defined as a measure of the degree to which a firm has attained its set goals and objectives given by three components that are: financial performance, product

market performance and shareholder return (Richard et al., 2009). Organizational performance is related to the ability of the firm to gain profit and growth in order to achieve its general strategic objectives (Hult, Hurley & Knight, 2004). The ability of the company to adapt to the external environment and integrate competence and usefulness is a result of the interplay between actions made in regard to competitive factors (Miller, 1998).

Organizational performance can be measured by a number of actions that can be broadly divided into financial performance (i.e. income such as sales growth, economic added value, sales value, sales growth, gross profit and cash flow) and nonfinancial performance (i.e. market performance: customer satisfaction and customer loyalty). Jauch and Glueck (1999) disclosed that the performance of a company can be seen from the aspect of quantitative and qualitative. A company's quantitative performance can be evaluated by comparing its accomplishments to those of the past or by evaluating it against its rivals in a variety of areas, including net profit, market share, market share growth, market share, stock price, dividend rate, share earnings profit, return on capital, equity returns, number of working days missed due to labor strikes, production cost, and efficiency. Qualitatively questions asked to find out whether the objectives, strategies and plans are comprehensively integrated with a company is consistent, appropriate and work well or not.

Poolton and Barclay (1998, p. 27:197) posited that “if companies can improve their effectiveness at launching new products, they can double their bottom line. While Schumpeter (1934) linked increased profitability to a company's capacity for innovation, Clark and Fujimoto (1991) discovered that a company's product strategy and general organizational and process capabilities impact how well it performs in development initiatives. Nwokah et al. (2009), Udegbe et al. (2013), Benson et al. (2015), Udegbe (2014), Idris (2017) and Masaku (2017) investigated that there is positive relationship between new product development and organizational performance.

Product form creates first impression that how beneficial and distinctive the product is when compared to other products (Berkowitz, 1987). A consumer would become loyal to the product if the product fulfils the needs of the consumer. Also, the form of the product greatly affects the perception about the product and brand in consumers mind (Bitner, 1992 and Solomon, 1983).

Researchers applied different firm performance measurements while assessing the effect of new product development on organization performance. Nwokah et al. (2009) and Udegbe et al. (2013) applied perception in profitability, sales volume, customer satisfaction and customer loyalty whereas Regina et al. (2011) used profitability. In addition, Benson et al. (2015) studied using the total output turn over, sales volume, profitability and capacity utilization. Thus, this study analyzed new product development Challenge through measuring the perception on profitability and sales volume of the target respondents as an indicator for firm performance.

organizational performance encompasses financial metrics like profits and sales, as well as non-financial measures such as customer satisfaction. Performance can be assessed quantitatively against past results or competitors, as well as qualitatively on strategic integration. Research links new product development capabilities to improved profitability. Studies have found relationships between new product initiatives and various performance indicators, including profitability, sales, and capacity utilization. Additionally, the study examined the effect of new product development on perceptions of profitability and sales volume as organizational performance measures.

In conclusion Researchers applied different firm performance measurements while assessing the effect of new product development on organization performance. Nwokah *et al.* (2009) and Udegbe *et al.* (2013) applied perception in profitability, sales volume, customer satisfaction and customer loyalty whereas Regina *et al.* (2011) used profitability. In addition, Benson *et al.* (2015) studied using the total output turn over, sales volume, profitability and capacity utilization. Thus, this study analyzed the effect of new product development on organizational performance through measuring the perception on profitability and sales volume of the target respondents as an indicator for firm performance.

2.2 Empirical review

Selam (2019) has studied new product development success factors that affect customer satisfaction in Horizon Addis tyre S.C. Customer involvement, top/senior management commitment and new product quality were the independent variables and customer satisfaction was the dependent variable. The study Selam (2019) utilized a quantitative research method through collection of primary data, from customers in Addis Ababa, using questionnaire.

The aim of Etsegenet's (2018) study is to determine how Ethiopia's commercial banks' new product development affects customer satisfaction. It conceptualized and developed five dimensions of new product development (independent variables): reliability, trust, perceived ease of use, perceived usefulness and relative advantage. The new products included in this study were mobile banking, internet banking and POS machines.

The purpose of Idris's (2017) research was to look into how product innovation affects organizational performance. Organizational performance was measured by profitability, market share and competitive advantage. The data was collected from the production department, research and development department, sales department, marketing department, and quality and control department. The 2294 employees of Nestle Plc. in Agbara Lagos make up the study's population. Stratified random sampling was adopted to select a total of 340 copies of useable questionnaires were completed. Regression and correlation analysis were conducted using SPSS package. The results demonstrate that when customers view product innovation as stronger, more advantageous, and more distinctive, it has a greater impact on organizational performance within the company. The performance of the product and the organization is positively impacted by the creativity and quality of the innovation process.

The general objective of Masaku's (2017) study is to determine the effect of new product development on growth in the case of Keroche Breweries, Kenya. The study used a cross-sectional design and data was collected through questionnaires and document analysis to establish the sales volume from the year 2002 to 2012 G.C. The target population consisted of 43 managers and supervisors in Keroche breweries. Census method was used to collect data from 43 managers. Data was analyzed using descriptive (mean and standard deviation) and inferential statistics (regression and correlation analysis) with the help of SPSS V22. Findings showed that new product development positively and significantly affect sales explained by the independent variable at 33.3%.

Marcus et al. (2017) studied the impact of new products development on the profitability of Nigerian deposit money banks. Hypotheses were developed on the relationship between product innovation, product availability and techniques for marketing. The target population comprises an entire staff of 24 Nigerian major licensed commercial/deposit money banks. Judgment

random sampling applied to select 100 respondents from Nigeria cities of Abuja, Lagos, Kaduna and Benin where 82 were returned. The study is survey research in which primary (questionnaire) and secondary data (text books, journals and periodicals) were applied. Data analyzed using simple descriptive percentage and Chi- square method derived from kendall coefficient of concordance. The results showed that the development of new products and profitability in Nigerian deposit money institutions are related, and that the low rate of profit maximization in banks can be attributed to a lack of awareness of the advantages associated with new product innovation. The purpose of Mohammed et al. (2015) review is to discuss the critical role of innovation in the overall improvement in the organizational growth and performance specifically focusing on the new product development as an important innovative factor for success. The authors reviewed literatures and interviewed about the role of innovation through developing new product and how that is improving the organizational performance. The study helps to create clarity and a better understanding of how new product development positively impacts organizational performance through a richer explanation and empirical assessment. The findings reveal that pursuing NPD is more effective and beneficial in organization's financial performance in competitive environment. The outcomes show that innovations have a favorable impact on business performance.

2.3 Literature Gaps

The literature review provides a good overview of the various categories or strategies that firms can pursue in new product development, such as revolutionizing existing categories, entering new categories, line extensions, product improvements, and cost reduction.

However, the review does not delve deeply into how the choice of these different strategies is shaped by the specific market dynamics and evolving customer preferences that the firm operates in.

For instance, the review mentions that "repositioning" is a strategic approach where companies target new market segments or address different customer needs with existing products. But it does not explore in depth how firms assess and respond to changing market and customer requirements when deciding which new product development strategy to pursue.

Similarly, the literature review discusses the importance of understanding "market opportunities" and "customer needs" in the new product development process. But it lacks a deeper examination of how companies analyze and leverage insights about their target markets and customers to guide their selection of the most appropriate new product development approach.

Therefore, a potential research gap exists in understanding the interplay between market dynamics, customer preferences, and the firm's choice and execution of different new product development strategies. Exploring this area could provide valuable insights into how companies can align their innovation efforts with evolving market and customer needs to improve the success rate of their new product introductions.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Area

Senselet Food Processing has 42 Branch Service Centers and 5 Satellite Offices in Addis Ababa and Regional States. The researcher focused in Addis Ababa head office, because product development is managed centrally in the head office under MBD in collaboration with underwriting and product development department, which enabled the researcher to take a representative sample. This study tries to identify New Product Development and organizational performance on Senselet Food Processing.

3.2 Research Design

In this study to attain the specific objective, the researcher used descriptive research design because descriptive research primarily used to gather knowledge about description and explanation of the objectives of the study. Descriptive research method helps to describe the research setting as it is and also allows the use of both quantitative and qualitative approach (Malhotra, 2006). The descriptive research method to assess “New Product Development and organizational performance on Senselet Food Processing” The target population of this research will be 95 employees who work in head office where product development is managed centrally. The selected employees are from concerned departments such as marketing and product development, underwriting officers, senior marketing officers and others who worked in related areas.

3.3 Data Type

The study incorporated both primary and secondary data.

A, Primary Data

A primary data for this study was gathered through survey, interview and questionnaires in order to collect more reliable information's during the data collection process. In general, primary source of data is collected from managers and senior officials of the company.

B, Secondary Data

The secondary data for this research was collected from documents such as published reports, manuals, and guidelines of Senselet Food Processing plc

3.4 Data Source

- 1) **Questionnaires:** that contains relevance variables which contain both open ended and closed ended questions developed by the researcher.
- 2) **Interviewing:** Conduct interview with different concerned managerial employees
- 3) **Reference Materials:** which enable the researcher to gather information like books, documents different written material related to the research topic and also uses internet.

3.5 Sample Size Determination

The study utilized census survey, the researcher selected 95 professional employees who worked in different positions and are knowledgeable about Senselet Food Processing plc.

In order to select the appropriate representative of the total population and to make the research findings more relevant and accurate, the sample design is structured accordingly.

Therefore the researcher takes all 95 professional employees from the total population

Table 3.1 Population and sample size

population			Sample size		
TML	Division & Senior Branch Managers/	operation staffs	TML (100%)	Division & Senior Branch Managers (100%)	operation staffs (100%)
7	65	23	7	65	23

Source: -company structure

3.6 Sampling Method

This study was based on census survey which is performed by taking all the population as a sample.

3.7 Data Collection Methods

The primary data was collected from interview with different department heads of the company

& questionnaires. The secondary data was collected from the reference materials

3.8 Data Processing and Presentation

The data is collected by means of questionnaires and interview. The researcher uses statistical analysis for the data which is obtained from questionnaires and narrative analysis for the data which is obtained from interview.

3.9 Method of Data Analysis

The quantitative data are analyzed using descriptive analysis that means by describing the obtained data, as per the objective of the research and qualitative data the researcher got from the primary and secondary sources.

Reliability and Validity

A) Validity

Validity of the instruments is the extent to which it measures what it intended to measure. Kothari (2004) stated that validity measures the accuracy of the instrument in obtaining anticipated data that could meet the objectives of the study. Bryman and Bell (2007) also defined validity as how much any measuring instrument measures what it is intended to measure. They also suggest that the important issue of measurement validity relates to whether measures of concepts really measure the concept or not. There are several ways of establishing validity such as content validity, convergent validity, concurrent validity, predictive validity, construct validity and convergent validity. Content validity was applied to verify whether the instrument used for this study was valid or not. Content validity was verified by discussing with the research advisors, researchers and executives who looked into the appropriateness of the questions and the scales of measurement. The comments and findings were incorporated accordingly.

B) Reliability

Kothari (2004) states that reliability is a measure of the degree to which a research instrument yields consistent results after repeated trials. Nunnally (1978) also stated that reliability is the consistency of a test, survey, observation or another measuring device. The level of reliability of the instrument indicates the consistency of the variables. Cronbach's alpha is an index of

reliability associated with the variation accounted for the true score of the underlying construct and it can only be measured for variables which have more than one measurement question. Therefore, the reliability of the questionnaire is analyzed by using Cronbach's alpha statistics. Cronbach's alpha value of 0.5 is a sufficient value but 0.7 is a more reasonable and widely accepted value.

The participation of all experienced the company professionals makes the result reliable.

3.10 Ethical Considerations

This research paper is conducted by the researcher knowledge and taking in to account all attributes of the research to be free from plagiarism. The researcher understands that if the research is found to be a copy of past research, it would be followed penalty as per the university rules and procedures.

Respondents will be granted privilege of not writing their names and other identities to hide them from unwanted approach to be maintained by other groups later on. Furthermore, they were assured on the part of treatment their responses in strict confidentiality. No respondent was forced to fill the questionnaire unwillingly and without the actual purpose of the research being clear to him/her.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS & INTERPRTATION

This chapter deals with analysis and interpretation of data in two parts. The first part deals with the characteristics of respondents in terms of educational level, work experience and respondents working unit. The second part deals with as the main purpose of this study which aimed and was to investigate the Challenges & Prospects of New Product Development” Senselet Food Processing plc.

The researcher tried to gather information from primary source by preparing two types of questioners (close ended and open ended) and distributing to the respondents, and conducting interviews.

4.1 Response Rate

In this section attempts have been made to assess the of New Product Development and organization performance on Senselet Food Processing plc by using primary data gathered through interview and questionnaires. Out of 95 questionnaires distributed 90 (95%) was filled and returned. Therefore, the analysis and presentation of the study are based on the collected questionnaires and all the tables used for presentation are compiled from the questionnaires and decimals rounded to one significant digit for simplicity and description purpose.

4.2 Respondent Background

Table 4.1. Respondents Gender

Gender	Frequency	Percentage
Male	60	66.7
Female	30	33.3

Source: Own survey, 2024

Table 4.1 shows respondents’ gender. 66.7% of them are male and the rest 33.3% are female. This indicates that Senselet Food Processing plc has high percentage of male employees than female employees.

Table 4.2. Respondents Educational Level

Educational Background	Frequency	Percentage
Diploma	0	0
First Degree	65	72.2
Second Degree	25	27.8
Third Degree	0	0

Source: Own survey, 2024

Table 2 shows respondents' educational background. 72.2% of them are first degree holders and the remaining 27.8% are second degree holders. This shows that respondents have a better understanding in what the researchers want to study and it increased the reliability of the response.

Table 4.3. Respondents Service Year

Respondents Service year	Frequency	Percentage
Less than one year	0	0
1-5 years	12	13.3
6-10 years	22	24.4
11-15 years	17	18.9
16-20 years	18	20
Above 20 years	21	23.3

Source: Own survey, 2024

Table 3 shows respondents' service year in Senselet Food Processing plc. 13.3% of the respondents are less than 5 years, 24.4% of the respondents are having a work experience of above 6-10 years, 18.9% of them have 11-16 years' work experience, 20% of them have 16- 20 years' work experience, and 23.3% are above 20 years of work experience. 84.3% of the respondents are working in the organization above 6 years.

The above table assures that the respondents have reach experience in the company and familiar with company policies and procedures and have great contribution for Senselet Food Processing plc

Table 4.4. Data collected from respondents

Measurement	SDA		DA		N		A		SA		Mean	SD
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
My company has an organized new product development Strategy	27	30.0	43	47.8	20	22.2					4.0778	.72248
I don't mind about whether my company's introduce new product or not.			7	7.8	17	18.9	43	47.8	23	25.6	1.8667	.98528
I think my company will be competent if introduce new product			10	11.1					80	88.9	2.2222	.63206
I think there is un tapped market in the industry and introduce new product is advantageous					3	3.3			87	96.7	2.0333	.18051
I believe that my company is one step ahead of others related to product development	10	11.1	60	66.7	20	22.2			12	13.3	3.8889	.56973
My company has unique products which is not found in others	48	53.3	20	22.2	10	11.1			12	13.3	4.1556	1.08007
Does the company uses appropriate insurance software to support their effort for new product development in line to avail better service	14	15.6	10	11.1	16	17.8			50	55.6	2.8667	1.13375
The emerging information Technology is one opportunity to introduce innovative insurance Product					5	5.6	21	23.3	64	71.1	2.5222	.85101
We identify the opportunity of introducing new products					10	11.1			80	88.9	2.1111	.31603
We know ahead of time about challenges of new product development					20	22.2	43	47.8	27	30.0	1.7444	.80114
We are designing a mechanism to overcome the challenge which the company encountered during product developments			4	4.4			29	32.2	57	63.3	1.7667	.67124

Source: Own survey, 2024

SDA=Strongly Disagree, DA=Disagree; N=Neutral, A= Agree, SA=Strongly Agree, SD=StandardDeviation, Fr=Frequency

Mean Interpretation: High (3-4), Moderate (2-3), Low (0-2)

Table 4 above depicts responses for different research questions. As we have seen responses from the above table the researcher inferred the following.

30% of the respondents strongly disagreed with that of the practice of an organized way of new product development strategy in the company and 47.8% disagreed with it whereas the rest 22.2% stay neutral. 47.8% of the respondents agreed with that introducing new product are not their primary concern and 25.6% strongly agree with it, 18.9% of them stay neutral & 7.8% of them disagree with it.

88.9% of the respondents agreed that the company can be competent by introducing new product and the rest of the respondents 11.1% believed that introducing new products doesn't make the company more competent. 96.7% of the respondents also strongly agreed that there is un-tapped market in the industry and introducing new product create competitive advantage, whereas the remaining 3.3 % stay neutral.

66.7% of the respondents believed that the company is not one step ahead of others related to product development, 22.2% stay neutral, 11.1% strongly disagree & 13.3% strongly agree with it. 53.3% of the respondents strongly disagreed that Senselet Food Processing plc has no unique products, 22.2% disagreed that the existence of micro and livestock agricultural the company are unique, 11.1% stay neutral and 13.3% strongly agree with it.

55.6% of the respondents agreed that the company deploy appropriate software to support their effort for new product development in line to avail better service, 17.8% stay neutral, 11.1% disagree & 15.6% strongly disagree with it. 71.1% of the respondents strongly agreed that emerging information technology is an opportunity to introduce innovative new product, 23.3% agree and the remaining 5.6 % stay neutral.

88.9% of the respondents said that the company identifies the opportunity that it gains from introducing new products and the remaining 11.1% stay neutral, 47.8% of the respondents are agreed that the company know challenges of Senselet Food Processing plc ahead of time, 30.0% strongly agree whereas 22.2% stay neutral and 63.3% of the response strongly agreed that the

company is designing mechanisms to overcome the challenge during product developments, 32.2% of them agree with it and the rest 4.4% disagree.

To what extent do the following challenges affect marketing of new insurance products in your company?

Table 4.5. Challenges affecting marketing of new insurance products

Measurement	SDA		DA		N		A		SA			
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Mean	SD
Mistrust customers relationship between customers and the Customer	20	22.2	48	53.3	14	15.6	8	8.9			3.8889	.85387
Failure to adopt information Technology	7	7.8	30	33.3	21	23.3	5	5.6	27	30.0	3.0778	1.08335
Low trained and inexperienced marketing staff	68	75.6			2	2.2			20	22.2	4.2889	1.26531
Pricing of the policies			25	27.8	47	52.2	8	8.9	10	11.1	2.9889	.86757
Cost of new products	48	53.3	17	18.9	25	27.8					4.2556	.41807
Lack of innovativeness in companies product development	20	22.2	70	77.8							4.2222	.35351
Complex procedures in claims management	13	14.4	77	85.6							4.1444	.37477

Source: Own survey,2024

SDA=Strongly Disagree, DA=Disagree; N=Neutral, A= Agree, SA=Strongly Agree, SD=StandardDeviation, Fr=Frequency

Mean Interpretation: High (3-4), Moderate (2-3), Low (0-2)

53.3% of the respondents disagreed that mistrust in customers relationship has a great challenge onmarketing new products, 22.2% strongly disagreed, 15.6% of respondents stay neutral and

8.9% of them agree with it. 33.3% of the respondents disagree with the idea that failure to adopt information technology highly affected marketing of new products, 7.8% of them disagree with it, 23.3% of them stay neutral, 5.6% agree with it & 30.0% strongly agree with it.

75.6% of the response shows that low trained and inexperienced marketing staff highly affected the company marketing strategy to market new products, 22.2% moderately affect it & the rest 2.2% stay

neutral. 27.8 % of the respondents disagree with the idea that pricing of the company policies highly affected (setting high price) to market new products, 52.2% of the respondents stay neutral, 8.9% agree with it & the rest 11.1% strongly agree with it

53.3% of the respondents strongly disagreed that cost of new products highly affected to market new products, 18.9% of them disagreed with it & 27.8% stay neutral. 77.8% of the respondents disagree with the idea that lack of innovativeness in companies' product development highly affected to market new products and the remaining 22.2% strongly disagree with it.

85.6% of the respondents disagreed with the idea that complex procedures in claims management highly affected to market new products and attract customers and the remaining 14.4% of them strongly disagree with it.

The data collected from the close ended questions are the following:

83.3% of the respondents confirmed that the company search for new product ideas periodically whereas, the remaining 16.7% strongly disagreed and 2.2% has not responded to this specific question. 55.6 % of the respondents agreed that the company have no a formal marketing strategy which encourages the development of new products and the remaining 44.4% agreed about the existence of formal marketing strategy.

80% of the respondents said that Senselet Food Processing plc used marketing opportunities for product development strategies to satisfy customer needs and the remaining 20% disagreed, 56.7% of the response also shows that the company does not identify the opportunities emanated from introducing new products and the remaining 43.3% has agreed about identifying opportunities related with product development. 83.3% of the respondents agreed that Senselet Food Processing plc knows in advance that face challenges of introducing new products whereas the remaining 16.7% disagreed, 77.8% of the respondents believe that Senselet Food

Processing plc take competitive advantage from introducing new products and 22.2% disagreed, 78.9% of the respondents said that, they do not know their role on product development and the remaining 21.1% of the respondents know their role in the process of product developments.

77.8% of the response shows that they do not participate all stake holders for new product development ideas and the remaining 22.2% agreed that the participation of all stake holders, 85.6% of the response asserted that there are untapped market potential in the market for new products and the remaining 14.4% disagreed, 91.1% of the response shows that introducing new product in the industry is feasible and the remaining 8.9% of the respondents do not agree with the feasibility of Senselet Food Processing plc.

77.8% of the respondents replied that Senselet Food Processing plc prepare marketing strategy for new products before introducing it and the remaining 12.2% disagreed.

According to the respondents almost introducing new product in the industry is feasible, Senselet Food Processing plc prepare marketing strategy for new products before introducing it, there is untapped market potential in the market, The Company participates all stake holders for new product development, The Company also take competitive advantage from introducing new products by identifying the challenges of introducing new products in advance. The company used marketing opportunities for product development strategies to satisfy customer needs and search for new product ideas periodically, but most employees do not know their role on product development, they do not identify the opportunities emanated from introducing new products, and have no a formal marketing strategy which encourages the development of new products.

The Data Collected from Open Ended Questions on assessment of NPD

96.7% of the respondents replied to the researcher got information related to process of generating new product ideas. Product ideas generation started from MBD department discussed with underwriting department, General and/ or life insurance divisions, planning and change management departments and ICT and the remaining 3.3% of the respondents refrain to respond on this particular question.

100% of the response mentioned that the responsibility of new product ideas and product development is MBD department, TML are responsible for granting go ahead approval of the generated product ideas and implement product development together with the underwriting

department.96.7% of the respondents said that the company endorsed budget for new product development every year and the remaining 3.3% not responded but the budget is not used for the intended purpose by mentioning the following evidences:

- Yes, the company endorsed budget for product development but not sufficient.
- Due to lack of professionals in the area new insurance product development would be challenging and the budget is not used for the intended purpose,
- Due to high cost the company could not give more emphasis for new product development.

Almost all of (97.7%) the respondents agreed that Senselet Food Processing plc has methods of collecting feedback from potential customers to wards new product and the remaining 2.3% left silent with the under listed points.

- The company has Customer Support Services Division Manager, to follow up the customer satisfaction and report to the CEO Office. This method of feedback collection is made for already marketed products and it is as sort of after sales service. The division is distributing questionnaire for potential customers once in a year, findings of the survey are presented on annual workshop of the company and all concerned departments participated and passed a resolution.

55.6 % of the respondents respond to the researcher that has not knowledge about the Senselet Food Processing plc,s ranks inthe industry whereas the remaining 44.4% agreed about the rank of Senselet Food Processing plc related to introducing new products and they mentioned Micro, Agricultural and Livestock products are Senselet Food Processing plc unique products like that of funeral insurance for united insurance.

97.8% of the respondents agreed that the management of Senselet Food Processing plc is committed for new productdevelopment and the remaining 2.2 % not responded.

85.6% of the respondents replied to the researcher they are anticipate or know ahead of time that challenges that the company encountered during new product development whereas the remaining 14.4% not responded.

96.7% of the respondents agreed the challenges and opportunities of introducing new products about marketability, customer feedback, pricing and product differentiation but the remaining 3.3% do not respond to it.

Therefore, the detailed response of the respondents on open ended questions is narrated on table 12 above.

Data collected from interview questions

As stated in the above table, the researcher conducted interview with selected 54 higher officials(TML, Division Managers which is 4, 50 respectively) of Senselet Food Processing plc forwarding the following questions. The researcher tried to summarize with subsequent questions in percentage.

QNo.1. Is there a formal procedure for new product development?

19% of the respondents replied that, yes, we do have the procedure, 22% of the respondents said that I am not sure about the existence of written procedure, 7% of the interviewer responds to the researcher that, the company follows unwritten law and procedure for NPD, 22% of the respondents believe that the company have no a clear written procedure.

Most of the respondents (75%) agreed that the company has no written formal procedures for new product development.

QNo.2. What are the criteria you consider before deciding to develop a new product?

43% of the respondents replied that, it depends on the type of the product need to develop, but there is a working principle that all concerned departments consider the marketability, accessibility, cost and effectiveness; since the product is intangible quality is not compromised. 37% of the interviewer responds to the researcher, Price, accessibility, sustainability and market share / considering served and un-served market /, taste or preference of potential customer, target group, and market segmentation is considered.19% respondents said that, Product reliability, quality, accessibility and risk analysis take in to account before deciding to produce new products. 4% of the response shows that the general public purchasing habit and power of the expected market group take in to account.4 % of the respondent replied that other companies who produce similar products taken as a model and assess / review its practice.

All most all of the respondents agreed that Price, accessibility, sustainability and market share / considering served and un- served market /, taste or preference of potential customer, target group, and market segmentation is considered, the marketability, accessibility, cost and effectiveness, since the product is intangible quality is not compromised, Product reliability,

quality, accessibility and risk analysis take in to account before deciding to produce new products. General public purchasing habit and power of the expected market group take in to account.

QNo.3. Does your company have a formal marketing strategy which encourages the development of new products?

87% Yes, our company develop corporate strategic plan for five years. One of the major pillars of the strategic plan is MBD. MBD's strategic plan focus on 4 P's in line with the number of new products produced in the strategic period, how many new branches opened, the sales volume on the target plan of the strategic period by cascading every budget year. 10% of the respondents said, yes, it is one of the major objectives of MBD departments, it is one of the strategies to get competitive advantages and MBD department form a team from different departments to work on it, but not successful.

Almost all of the respondents (97%) strongly agreed that the company develop corporate strategic plan for five years. One of the major pillars of the strategic plan is MBD and its strategic plan focus on 4 P's in line with the number of new products produced in the strategic period, such as number of new branches opened, the sales volume on the target plan of the strategic period by cascading every budget year so as to take competitive advantages,

QNo.4. What opportunities do your company gained from developing new product?

37% of the respondents mentioned the under listed a lot of advantages like profit maximization, winning customers, increase market share, build brand. 40% the very purpose of introducing new product is to maximize profit, increase business continuity, good will, and create differentiates products. 31% respond to the researcher that making the company productive, increase revenue, solve social problem, increase market share and take competitive advantage.

Almost all (100%) of the interviewer responds to the researcher the company identified opportunities gained from new product development as profit maximization, winning customers-increase market share, build brand, business continuity, good will, and create differentiates products, solve social problem, increase market share and take competitive advantage.

QNo.5. To what extent the strategic goal of your company is linked with new product development?

19% replied that, it is a question of survival and the company marketing strategy is directly emanated from company corporate strategy. 4% said that the company is highly concerned with introducing new product.13% respond that all companies have similar product except micro insurance which is only introduced by Senselet Food Processing plc. 13% respondents has not confident enough that companies work on introducing new products, due to less awareness of the society for insurance products .19% respondents believe that new product development is not the prime objective of insurance companies, due to product development costs, challenges, etc they prefer to imitate from others. 9% replied that theoretically companies give more emphasis on NPD but there is no company introduced single product to consumer per year

Therefore, 95% of the respondents replied to the researcher that the strategic goal of the company is linked with new product development; the company marketing strategy is directly emanated from company corporate strategy. But most respondents are not confident enough that companies work on introducing new products.

Due to less awareness of the society for new products, since product development is not the prime objective of insurance companies because of product development costs, challenges, etc they prefer to imitate from others.

QNo.6. Who are the participants or functional groups in new product development decision making?

26% of the respondents replied that MBD initiates NPD and after thorough discussion with the department staff it will submit to TML for approval.74% replied that MBD different departments like, CEO Office, TML, functional sections like branch operations, Underwriting departments, Finance and Investment department, claim department are directly participated in decision making for NPD

More than 85% of the respondents agreed that there is a team work under MBD direction/responsibility and go through all managerial levels for various discussion and approval from office of the CEO.

QNo.7. How would you describe the source of new product demand?

98% regarding the source of product demand more than 90% stated that the environment, the living standard of awareness, industrialization, The society, increasing need and demands of consumers, government policies like TP Policy, No premium no cover policy, The work and living habit of the peoples, societal problem, technology, living standard of the target population is the source of NPD.

QNo.8. What challenges does your company face when developing new product?

Almost all (90%) of the interviewer responds to the researcher that various challenges faced during product development some of the major ones they mentioned are Lack of awareness, Cost of product development, Lack of professionals like actuarial, Purchasing power and willingness to pay it, Policy issues regulatory body-bottle necked, has a possibility of failure, High time, effort and budget, Product quality, accessibility and warranty.

QNo.9. To what extent the management of Senselet Food Processing plc are committed for new product development? The respondents (96%) agreed that the management of Senselet Food Processing plc limited commitment due to lack of professionals like actuarial, ease imitation of products, most companies used to improve the existing product rather than introducing new one. Allocate minimal budget, the company believed that introducing new products may result failures,

QNo.10. In your opinion, what is the main purpose of introducing new product in your company?

Almost all of the respondents agreed that the main purpose of introducing new products is to maximize profit, build image, increase market share, win customers, discharge social obligation

CHAPTER FIVE

SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

The researcher carefully tabulated the response for each question and interviews. From the responses on each questionnaire inferred the following major findings:

- The consumer perception, nature of new products, cost of marketing, mistrust in customers relationship, failure to adopt information technology, low trained and inexperienced marketing staff, pricing of the companies policies (setting high price), cost of new products, lack of innovativeness in new product development and complex procedures in claims management, Lack of awareness, Cost of product development, Lack of professionals like actuarial, high time, effort and budget, product quality, accessibility and warranty, purchasing power and willingness to pay, policy issues regulatory body bottle necked, distribution issues, a possibility of failure are the major challenges of new product development. The practice of an organized way of new product development strategy in the company is poor and introducing new product is not their primary concern.
- The company has a lot of opportunities/advantages of product development like profit maximization, winning customers, increase market share, build brand. The very purpose of introducing new product is to maximize profit, increase business continuity, good will, and create differentiated products. The company productivity increase by increasing product line, solve social problem, increase market share and take competitive advantage.
- The company can be competent by introducing new product and there is un-tapped market in the industry, introducing new product create competitive advantage. The company also one step ahead of others due to product development, Senselet Food Processing plc has no unique products, rather pioneer for micro and livestock agricultural. Rank of Senselet Food Processing plc in the industry related for introducing new products and they mentioned Micro, Agricultural and Livestock products are Senselet Food Processing plc unique products and funeral.
- The company deploys appropriate companies' software to support their effort for new product development in line to avail better service. The emerging information Technology is an opportunity to introduce innovative new product.

- Relatively the company knows challenges of new product development ahead of time and the company is designing mechanisms to overcome the challenge during product developments. Senselet Food Processing plc know in advance which will face the challenges of introducing new products. Senselet Food Processing plc take competitive advantage from introducing new products and also the company participate all stake holders for new product development, there is untapped market potential in the market for new products, introducing new product in the industry is feasible, Senselet Food Processing plc prepare marketing strategy for new products before introducing it.
- The company search for new product ideas periodically. Relatively the company has no formal marketing strategy which encourages the development of new products. Moderately the company has not identified the opportunities emanated from introducing new products. Product ideas generation started from MBD department, discussed with underwriting department, General and/ or life insurance divisions, planning and change management departments and ICT.
- The responsible department for new product ideas and product developments are MBD department, TML are responsible for granting go ahead approval of the generated product ideas and implement product development together with the underwriting department. The company develop corporate strategic plan for five years. One of the major pillars of the strategic plan is MBD issues. MBD's strategic plan focus on 4 P's in line with the number of new products produced in the strategic period, how many new branches opened, the sales volume on the target plan of the strategic period by cascading every budget year. It is one of the strategies used to get competitive advantages, sometimes MBD department form a team from different departments to work on it, but not successful
- The company endorsed budget for new product development every year but the budget is not used for the intended purpose the respondents evidenced the following: the company endorsed budget for product development but not sufficient, due to lack of professional in the area new insurance product development would be challenging and the budget is not used for the intended purpose, due to high cost the company could not give more emphasis for new product development.
- Senselet Food Processing plc has methods of collecting feedback from potential customers to wards new product. The companies have office of customer support services as status of division manager, to follow up the customer satisfaction and report to the CEO office. This method of feedback collection is made for already marketed products and it is as sort of after sales

service. The division is distributing questionnaire for potential customers once in a year, Findings of the survey are presented on annual workshop of the company and all concerned departments participated and passed a resolution.

- The company has the procedure for new product development, but idea generated from MBD department, if the department convince to the concerned department about its feasibility, get approved to change to product. There is a doubt about existence of written procedure; rather it is unwritten law of the company and MBD take initiative and responsibility together with product development department taking un clear written procedure as working instructions.
- The criteria for new product development depends on the type of the product need to develop, but by default, all concerned departments / TML/ consider the marketability, accessibility, cost and effectiveness, since the product is intangible, quality could not be compromised. Price, accessibility, sustainability and market share / considering served and un- served market /, taste or preference of potential customer, target group, and market segmentation is considered. Product reliability, quality, accessibility and risk analysis take in to account before deciding to produce new products.
- The source of new product demand emanated from different corners to alleviate Societal problem, technology, living standard of the target population, the environment, customer awareness, industrialization, the society, increasing need and demands of consumers, government policies, like TP Policy, “No premium no cover policy”, the work and living habit of the people’s source of new product demand.
- The management of Senselet Food Processing plc has limited commitment due to lack of professionals like actuarial, ease imitation of products, most companies used to improve the existing product rather than introducing new one. Allocate minimal budget, The Company believed that introducing new products may result failures, the main purpose of introducing new product to maximize profit, build image, increase market share, win customers, discharge social obligation.

5.2 Conclusion

The consumer perception, nature of new products and cost of marketing, failure to adopt information technology, low trained and inexperienced marketing staff, pricing of the companies policies (setting high price), Cost of insurance products, lack of innovativeness in new product development, and Complex procedures in claims management, Lack of awareness, Cost of product development, Lack of professionals like actuarial, high time, effort and budget, Product quality, accessibility and warranty, Purchasing power and willingness to pay it, Policy issues(regulatory body- bottle necked), Distribution issues, and a possibility of failure Mistrust in customers relationship are the major challenges. The practice of an organized way of new product development strategy in the company is poor and introducing new product is not their primary concern. There is un-tapped market in the industry and introducing new product creates competitive advantage for the company.

The company has a lot of opportunities /advantages of new product development like profit maximization, winning customers, increase market share, build brand, increase business continuity, good will, and creating differentiated products, increasing product line, solve social problem, increase market share and take competitive advantage. The management of Senselet Food Processing plc has limited commitment due to lack of professionals like actuarial, ease imitation of products, most companies used to improve the existing product rather than introducing new one.

5.3 Recommendation

New product development plays a very important role on the society to alleviate societal problems to assure the well-being of the society and create peace of mind. Based on the findings the researcher recommends Senselet Food Processing plc to give due attention on the following points:

- The company should work on improving the new product development indicators that are affecting organizational performance such as product quality, product size and product design through applying and revising all the dimensions under each variable.
- The case company should work on improving the new product quality dimensions such as the new product performance, features, consistency, compliance, durability, and perceived quality continuously through planning, implementing, monitoring and evaluation of the process and products to improve organizational performance.
- The case company should revise, introduce and diversify product size dimensions (i.e. product dimension, product weight, packaging size and packaging strategy) intensively to increase the performance the case organization.
- The case company should revise, update and customize the product design dimension such as the new product composition, the packaging design, labelling and communication and also the overall design of the product through its ease of use continuously in order to cope up the dynamic market environment and improve their performances.
- New product development should be an integral component to the case companies to improve the performance of their organization through investment in research and development to promote the company's superior and further adoption of market responsive strategies to offer companies competitive advantage.

5.4 Future area of research

Since the study only focused on chips manufacturing firms found in Addis Ababa, further study on similar industries found in other parts of the country, outside of Addis Ababa, is strongly recommended. The study has highlighted various relevant issues that this research did not cover. Therefore, future researchers are recommended to study similar area using other dimensions of new product development which might affect the performance of an organization. Last but not least, this study has focused on the newly developed products therefore the researcher recommends future researches on new product development practices, process and strategies.

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Appendix 1

ST MARY UNIVERSITY

Department of Business Administration Questionnaire on “Assessment of New Product Development Challenges on the case of *Senselet Food Processing*”.

Dear Respondents; Greetings for the day,

This questionnaire is used for purely academic purpose. Respondent's genuine and free answers shall go along in making this study more objective. All information given by you will be kept confidential and will be used for the caption purpose. Your cooperation is highly appreciated; please give your assessment of this questionnaire.

Background of the respondents

1. Gender: Male ☐ Female ☐
1. Highest level of Educational Qualification ☐ Diploma
☐ 1st Degree completed ☐ 2nd Degree Completed ☐ 3rd Degree completed
3. Service year in your organization ☐ Less than one year
☐ 1 to 5 years
☐ 6 to 10 years
☐ 11 to 15 years
☐ 16 to 20 Years ☐ Over 20 Years

Please tick only one answer for questions according to your response.

1= Agree /A/

2= Strongly Agree /SA/

3= Neutral /N/

4= Disagree /D/

5= Strongly Disagree /SD/

S/ No	Description	1	2	3	4	5
.						
1	My company has an organized new product development strategy					
3	I don't mind about whether my company's introduce new product or not.					
4	I think my company will be competent if introduce new product					
5	I think there is un tapped market in the food industry and introduce new product is advantageous					
6	I believe that my company is one step ahead of others related to product development					
7	My company has unique products which is not found in others					
8	Does the company use appropriate software to support their effort for new product development in line to avail better service					
9	The emerging information Technology is one opportunity to introduce Innovative new product					
10	Most of my company product is similar with others					
11	We identify the opportunity of introducing new products					
12	We know ahead of time about challenges of new product development					
13	We are designing to overcome the challenge which the company encountered during product developments					

To what extent do the following challenges affect marketing of new products in your company? Use a scale of 1-5 where 1= Agree to 5= strongly disagree

Description	1	2	3	4	5
Mistrust in customers relationship between customers and the product					
Failure to adopt information Technology Strategy					
Low trained and inexperience marketing staff					
Pricing of the product policies					
Cost of new products					
Lack of innovativeness in companies' product Development					
Complex procedures in claims management					

1. **Please tick✓ mark on the appropriate box and write your reason correspondingly on the give space**

2. Does the company search for new product ideas periodically?

Yes ☐ No ☐

If your answer is yes, how often

3. Does the company has a formal marketing strategy which encourages the development of new products?

Yes ☐ No ☐

Does the company use marketing opportunities for product development strategies to satisfy customer needs?

Yes ☐ No ☐

4. Does the company identify the opportunities emanated from introducing new products?

Yes ☐ No ☐

5. Does your company know in advance which will face the challenges of introducing new products?

Yes ☐ No ☐

If your answer for the question is yes, strategies designed to prevent is

6. Does your company think/ believe that will take competitive advantage from introducing new products?

Yes ☐ No ☐

If your answer is yes for the question, would you please mention some of them -----

7. Does your company prepare marketing strategy for new products before introducing it?

Yes ☐ No ☐

8. Do you know your role on product development?

Yes ☐ No ☐

If your answer is yes, could you mention the major one
please

-

9. Does your company participate at all stake holders for new product development?

Yes ☐ No ☐

If your answer is yes, could you describe
how

10. Do you think that there is untapped market potential in the market?

Yes ☐ No ☐

11. Does introducing new product in the industry is feasible?

Yes ☐ No ☐

If your answer is no,
why

2. Please give genuine and to the point answers for the following questions

1. Could you please say something about the process of generating new product ideas

2. Who is responsible for new product ideas and product developments?

3. Does the company endorse budget for new product development every year? If your answer for Q.No. 3 is yes does the budget is used for the intended purpose

4. Does the company have a means/ method of collecting feedback from potential customers towards new product? If your answer is yes what the feedback looks like

5. What do you think your company rank in the industry about introducing new products?

6. How can you describe the challenges and opportunities of introducing new products (about marketability, customer feedback, pricing and product differentiation)

7. Do you anticipate or know ahead of time that challenges your company encountered during new product

Development. -----

8. If your answer for Q. No, 7 is yes please mention the major one

9, To what extent the management of Senset food processing are committed for new product Development

Additional comments

If you have additional comments / points you need to raise please

Thank you, your time and prompt response,

Appendix 2
St. Mary's University
School of graduate
Masters of Business Administration
Structured Interview Questions

This interview questions are designed to collect information with respect to assessment of new product development and organizational performance in Senselet Food processing. The information shall be used as a primary data in my thesis research which I am conducting as a partial fulfillment of my study at St. Marry University for completing my MA program. Your input is required for academic purpose and will be kept confidentially.

Therefore, your genuine, honest and prompt response is a valuable input for the quality and successful completion of the study. Thank you, for your kind cooperation, in advance.

List of Interview questions

1. Is there a formal procedure for new product development?
2. Could you tell me the type of marketing strategy that your company follow
3. What are the criteria you consider before deciding to develop a new product?
4. Does your company have a formal marketing strategy which encourages the development of new products?
5. What opportunities do your company gained from developing new product?
6. To what extent the strategic goal of your company is linked with new product development?
7. Who are the participants or functional groups in new product development decision making?
8. How would you describe the source of new product demand?
9. What challenges does your company face when developing new product?
10. In your opinion, what is the main purpose of introducing new product in your company?
11. Any Additional comment?

Thanks again for your kind cooperation. God job!