

**ASSESSMENT OF PRODUCT DEVELOPMENT PROCESS (IN THE CASE
OF SHEBA LEATHER INDUSTRY IN ADDIS ABEBA)**



WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MARKETING MANAGEMENT

**A research paper submitted to the department of marketing management in
partial fulfilment of Bachelor of Arts (BA) Degree in marketing management**

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Confirmation

The research paper is conducted under my supervision and fulfills all the requirements of research standard of the program I approve the submission of the senior research paper for examination.

Advisor name; -----

Signature; -----

Date-----

Board of examiners Approval Sheet

This is to certify that this senior research project prepared by Sumeya Muhidin, entitled: “Assessment of product development process (in the case of Sheba Leather Company in Addis Ababa) and submitted in partial fulfillment of the requirements for the degree of Bachelor of Art in Marketing complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Approved by Board of Examiner

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ACRONYMS

EFFORT; Endowment Fund for Rehabilitation of Tigray

PLC; Private Limited Company

IHATIS; International Hide and Allied Trades Improvement Society

ROI; Return on Investment

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Abstract

This research assesses the product development process of Sheba leather company and the buyer's knowledge and attitude towards the company's product, quality, features and style. Based on the findings obtained through questionnaire and observations, Sheba has built good brand image for its leather quality and leather products like laptop bags, document cases and brief cases. In the other hand, the finding implies that a large number of consumers are not satisfied with the leather garment products of Sheba. They complained that the existing leather garment products are not fashionable, attractive and poor in finishing quality. Therefore, after analyzing and evaluating the strength and weakness of Sheba Leather Company, the study forwarded possible solutions and recommendations based on the findings obtained from customers and management members.

CHAPTER ONE

1. INTRODUCTION

This chapter introduces the phenomenon under the study. It contains background of the study, statement of the problem, background of the organization, objectives of the study, scope of the study, significance of the study, limitation of the study and organization of the paper.

1.1. Background of the study

Production is an organized activity of converting raw materials in to useful products, by organized utilization of natural resources man power, money, materials and machines strategy on the other hand refers to the determination of the purpose or mission and the basic long term objectives of an enterprises and the adoption of courses of action and avocation of resource necessary to achieve these aims (Sharma 2008:2).

Product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, person's places, organizations and ideas (Philip kottler 7th Ed koler, 2014:274).

People satisfy their needs and wants with products. Product is anything that can be offered to satisfy a need or wants occasionally we will use other terms for product, such as offering or solution (Philip kotler (Marketing management)).

A product offering can consist of as many as three components physical goods, service and idea Philip kotler (marketing management p.p.10).

A product is a key element in the market offering marketing mix planning begins with formulating an offering to meet target customers' needs and wants (Philip kotler, 2014, 277).

Leather

Leather is a durable and flexible material created via the tanning of putrescible animal raw hide and skin, primarily cattle hide. It can be produced through different manufacturing processes, ranging from cottage industry to heavy industry. The leather and the fur industries are differentiated by the manufacturing importance of the raw materials used to make the wares. In the leather industry, the skin and rawhide are by-products of the meat industry, because the meat

has greater commercial value than the rawhide and skin. In the fur industry, the meat is a by-product, because the skins and hides have greater commercial value. Moreover, in taxidermy, the raw materials usually are only the animal's head and back; hide and skin also are the raw materials for manufacturing animal glue and gelatin.

Leather in world

As the last century came to a close, the worldwide industry had gone through a period of fundamental change. The enactment of environmental legislation in countries across the world had become faster, stricter and more restrictive. It was applied to industry in general and in some cases to the leather sector in particular. Those tanners who could not cope with the new legislation went out of the industry, those who remained invested heavily in order to meet new standards and prosper. Machinery builders introduced new technology to the advantage of the leather producers and the result has been the creation of an industry which, in general, can be proud of its achievements.

To those who work in the sector, it may seem trite to remind people that the raw material of the leather industry is based on the premise of turning the food industry's waste product into a desirable, useful and sustainable range of end products. Despite this truism, there are vocal minorities who wish to disseminate the idea that the tanning industry rears cattle for their hides.

Whilst it is also a truism that the hide dealer and tanner prefer to receive raw material in the best condition, those same campaigners try to create the notion that the leather industry has some responsibility for bad farming and husbandry methods. The fact that poor raw material is exactly what the industry does not want escapes them. The international leather industry even has its own organization, IHATIS, the international hide and allied trades improvement society, with the sole purpose of promoting better animal welfare and food preparation methods in order that the food and agriculture industry appreciates that its waste by-product has a value. [It is worth reminding national associations in the supply chain of the leather industry that it behaves them to be active members of IHATIS in the new world of instant communications.

Critics who target the raising and husbandry of livestock and the meat industry in general blithely ignore the realities of different cultures and the needs of developing countries. In many

of the world's poorest economies, domesticated animals - cattle, goats and sheep - frequently represent the wealth and wellbeing of local populations. Sustaining those animals is of crucial importance, even to being the line between living and starvation. In the year 2000, for instance, the havoc in Mongolia wreaked by the failure of the rains and the resultant lack of grazing has been devastating, with the loss of hundreds of thousands of animals. The drought has effectively crippled the country's people and economy. Those who target the food and leather industry, damning businesses which trade at any level in both sectors, often justifying their arguments and actions on isolated instances of poor or unacceptable practice, should beware the consequences of their actions in their zeal to promote a lifestyle based on a world without meat, dairy products or leather. (Source: Research by Munira Nesru)

Leather in Ethiopia

Ethiopia's footwear industry and its leather sector in general enjoy significant international comparative advantages owing to its abundant and available raw materials, highly disciplined workforce and cheap prices. Ethiopia boasts the largest livestock production in Africa, and the 10th largest in the world. Ethiopia annually produces 2.7 million hides, 8.1 million sheepskins and 7.5 million goatskins. This comparative advantage is further underlined by the fact that the costs of raw hides and skins constitute on average 55-60% of the production of semi-processed leather.

Ethiopia's leather and leather product sector produce a range of products from semi-processed leather in various forms to processed leathers including shoe uppers, leather garments, stitched upholstery, backpacks, purses, industrial gloves and finished leather.

Ethiopian leather products have been exported to markets in Europe (especially Italy and the UK), America, Canada, China, Japan and other Far Eastern countries and the Middle East. Leather is also exported to other African countries including Nigeria and Uganda.

1.2 Back ground of the organization

Sheba Leather industry PLC is a company located in Addis Ababa, Ethiopia. The company is mainly working in Leather & Leather Articles business sectors. Sheba Leather Industry P.L.C is one of the 16 companies under the group of the Endowment Fund for Rehabilitation of Tigray

(EFFORT). The company is a legally registered entity established in 1993 G.C. in accordance with the commercial code of Ethiopia with paid-up capital of 118 million Birr. The company has started its operations in 2004. Currently, the company has created job opportunities for more than 947 employees. Sheba leather industry is a large scale integrated manufacturer of finished leathers and men and women shoes.

1.3 Statement of the Problem

With the vibrant market we have, customers are always in need of new and better products. They are interested in having modern and well-designed leather products. But Sheba leather industry doesn't provide sufficient (enough) new products fascinated, designed products and finishing goods. Therefore, the researcher was interested in addressing this issue in particular with Sheba leather company's products.

This study attempts to address the following basic questions:-

1. Is there integration between each department of Sheba while designing a product?
2. Does Sheba implement effective marketing research?
3. Do the designers have any opportunity which is aided by the company to participate in different trainings, workshops and seminars which will help them to cope-up with the present technology?
4. How fast does Sheba leather industry react for customers complaints regarding the products design?

1.4. Objectives of the Study

1.4.1. General Objectives

The general objective of the study is to analyze and evaluate how Sheba leather industry performs on product development process based on customers' needs and wants.

1.4.2. Specific Objectives

More specifically, the study attempts to assess the following activities:

- To investigate the product development process of the company.
- To identify the capability of the company to cope up with technological changes.
- To identify the level of customers satisfaction towards the company's products.

- How the company handles customers complaints.

Then after, analyzing and evaluating the performance of the company an attempt was made to forward possible recommendations and solutions based on the outcome of the findings.

1.5 Scope of the Study

The researcher chooses Sheba leather industry Department of Product Design since product design is a critical marketing activity for the success of the company. The study was focused on Addis Ababa customers only. This research did not touch other operational areas and regional customers.

1.6 Significance of the Study

A design is one of the necessary product features which help a company to differentiate its products from others. Not only for differentiation, has a well-designed product also given a pleasant look for a buyer.

The studies also have the following significance:-

- To give recommendation about product development.
- To create awareness for all department specially, marketing, designing and production department.
- To understand the customers' needs and wants related to product design.
- To give a clear picture for the reader about the importance of a well-designed product from the customers point of view as well as from the company's point of view.
- The study can also serve as a reference material for those who is interested to conduct research.

1.7 Limitation of the study

The limitation faced during conducting this research paper is insufficient time given to do the whole research, lack of equipment needed to do the research, time constraints in gathering and summarizing the data and delay in responding the questioner.

1.8 Organization of the paper

This research has 5 chapters. Chapter one is Introduction and it includes Background of study, Statement of the problem, Background of the organization, General and Specific objective of the

study, Significance of the study, Scope of the study and Limitation of the study. Under Chapter two Literature review will be discussed. Chapter three will discuss about The Methodology of the study and under this Research design, Source of data, Methods of data collection, Sampling technique, Population and sample size and Data processing and analysis will be mentioned.

Chapter four is about Data presentation and interpretation. The last but not the least is chapter 5 discussing about Findings, Conclusion and Recommendations.

CHAPTER TWO

Literature Review

This section includes literature review which is very important for the study in relation to the new product development process in Sheba Leather Company. This was the main issue utilized form of the work in different authors for the purpose to develop the analysis section.

2.1 Theoretical Review

An over view of Product

A product is any item or service we sell to serve a customer's need or want. Products that are marketed include physical goods (clothes), services (work done by doctors), persons like (Muhammad Salah), places (Kuriftu), organizations and ideas (Family Planning). (Marketing Management) (Kotler, 2014 page 430)

Level of a Product

A product has five levels. Each level adds more customer value, and the five constitute a customer value hierarchy.

- 1. Core benefit:** - The fundamental service or benefit that the customer is really buying. Core product focuses on what the product means to a customer not for the producer.
- 2. Basic (Actual) product:** - this is the second level that the marketer turns the core benefit into a tangible product quality.
- 3. Expected product:** - at this level, the marketer prepares an expected product, a set of attributes and conditions that buyers normally expect and agree to when they purchase this product. E.g. Hotel guests expect a clean bed working lamps and silence.
- 4. Augmented product:** - at this level it includes additional benefits and services that meet customer's desire beyond their expectation; for example a hotel can augment its products by including a remote control television set, fresh flowers etc...
- 5. Potential product:** - this level encompasses all the augmentations and transformations that the product might ultimately undergo in the future.

Product Classifications

Products can be classified on the basis of product characteristics, durability, tangibility and use (consumer or industrial).

Durability and Tangibility Classifications

Products can be classified into three groups according to their durability and tangibility.

- **Durable goods:** - is a very important product attributing to most buyers. It is a measure of the product expected operating life under natural and stress conditions. Buyers will generally pay more for product that have more durability however; this rule is subject to some qualification.
- **Nondurable goods:** - Nondurable goods are tangible goods that are normally consumed by one or a few users; e.g. Beer, soap, salt etc... (Marketing Management 9th edition by Philip Kotler page 433).
- **Services:** - Services are intangible, inseparable, variable, and perishable. (Marketing Management 9th edition by Philip Kotler Page 433).

Consumer – Goods Classification

Such products are intended for purchase and use by house holds for their personal use in general. Such products are used by final users for their personal consumption.

Consumer products are further classified into convenience, shopping, specialty and unsought goods.

- **Convenience Goods:** - are goods that the customer usually purchases frequently, immediately and with a minimum effort; e.g. tobacco products, soap, salt and newspapers (Marketing Management 9th edition by Philip Kotler Page 433).
- **Shopping Goods:** - are goods that the customer in the process of selection and purchase characteristically compares on such basis as reliability, quality, price and style; e.g. Furniture, clothing etc... (Marketing Management 9th edition by Philip Kotler page 433).
- **Unsought Goods:** -_are goods that the consumer does not know about, but does not normally think of buying new products such as smoke detectors, food processors are

unsought goods until the consumer is made aware of them. (Marketing Management 9th edition by Philip Kotler Page 434).

Industrial Goods Classification

Organizations buy a vast variety of goods and services. Industrial goods can be classified in terms of how they enter the production process and their relative cost lines. We can distinguish three group of industrial goods; material and parts, capital items and supplies and business services.

- The product must not be subject to technological obsolescence, in which case the buyer may not pay more for longer-liked product this advertising that a particular brand of personal computer or newsmen has the high durability may have little papule because these product Features and performs level are undergoing rapid change (mk. mg. 9th edition Philip. kotler page 285).
- **Materials and parts:** - are goods that enter the manufacturer's production completely. They fall in two classes: raw materials, manufactured materials and parts. (Marketing Management 9th edition by Philip Kotler Page 434).
- **Capital Items:** - long-lasting goods that facilitate developing and/or managing the finished product. They include two groups; installations and equipment (Marketing Management 9th edition by Philip Kotler) Page 435).
- **Supplies and Business Services:** - Short-lasting goods and services that facilitate developing and/or managing the finished product (Marketing Management 9th edition by Philip Kotler Page 435).

Product Mix

A product mix (Product Assortment) is the set of all products and items that a particular seller offers for sale to buyers. (Marketing Management 9th edition by Philip Kotler Page 435).

A company's product mix has a certain width, length, depth, and consistency.

- **Width of a product:** - it refers to different product lines in the company carriers.
- **Length of a product:** - It refers to the total number of items.

- **Depth of a product:** - It refers to how many variants are offered of each product in the line.
- **Consistency of a product:** - it refers to how closely relate the various product lines are in end use production requirements, distribution channels on some other way.

Developing New Products

Once a company has carefully segmented the market, chosen its target customer groups, identified their needs and determined its desired market positioning, it is ready to develop and launch appropriate new products. Marketing management plays a key role in the new-product-development process.

Every company must carry on new-product development. Replacement products must be created to maintain or build scale. Furthermore, customers want new products and competitions will do their best to supply them.

A company can add new products through acquisition and/or new-product development. The acquisition route can take three forms:-

1. The company can buy other companies.
2. It can acquire patents from other companies.
3. It can buy a license or franchise from other company.

The new product development can take two forms:-

The company can develop new products in its own laboratories or it can contact with independent researchers or new product development firms to develop specific products for the company.

When do Organizations need New Products?

Organizations need new products because of different reasons, but the following eight symptoms of a decline product line will provide clues to do something about the problem before it is too late.

1. When organizations experience slow growth or no growth.
2. When customers are giving less and less business.

3. When organizations find themselves competing with companies they are ever heard of.
4. When organizations are facing to lower their prices.
5. When organizations are experiencing higher-than-normal turnover in their sales force.
6. When organizations are getting fewer and fewer inquiries from prospective customers.
7. When customers are asking for product changes that organization can't or don't want to make.
8. When some of competitors are leaving the market.

Managing the New Product Development Process

Eight stages are involved in the product development process.

Stage 1 Idea Generation

The new-product development process starts with the search for ideas. Top managers should define the products and markets to emphasize and should state the new products objectives. They should also state how much effort should be devoted to developing break through products. Modifying existing products and copying competitor's products.

New-product ideas can come from many sources, customers' scientists, employees, competitors, channel members and top management.

Idea-Generating Techniques: - A number of creative idea-generating techniques can help individuals and groups generate ideas.

1. **Attribute Listing:** – The attribute listing technique calls for listing an existing product's major attribute and then modifying each attribute in the search for an improved product.
2. **Combine relationship:** – To add more than one object and each object is unique to another but has relation to each other.
3. **Need/Problem identification:** - It starts with consumers. Consumers are asked about needs, problems and ideas. For example they can be asked about their problems in using a particular product or product category.

4. **Brain Storming:** – Group creativity can be stimulated through brain storming techniques. The usual brain storming group consists of six to ten people discussing on a specific problem.

Stage 2 Idea Screening: – The main purpose is to select the most appropriate idea which can fit to core objective of the product.

At this stage, the two common errors must be avoided and have a better conclusion that took to the 3rd stage.

These two common errors are:-

1. Error one/Drop error
 2. Error two/Go error
- **Drop Error:** - Occurs when the company dismisses or otherwise good idea.
 - **Go Error:** - Occurs when the company permits a poor idea to move into development and commercialization.

Stage 3 Concept Developments and Testing

Attractive ideas refined into testable product concepts. A product idea is a possible product that the company might offer to the market. A product concept is an elaborated version of the idea expressed in meaningful consumer terms. A product image is the particular picture that consumers acquire of an actual potential product.

Concept development: – important questions like what to use it when people use it? What value associated with the product get a reliable respond then more to concept testing?

Concept testing: – concept testing calls for testing product concept with an appropriate group of target consumers, then getting those consumers reactions. The concept can be presented symbolically or physically.

Stage 4 Marketing Strategy Developments

After testing the new product, a preliminary marketing strategy will be developed for introducing the new product into the market.

The marketing strategy plan consists of three parts. The first part describes the target market size, structure and behavior. The planned product positioning, and the sales market share, and profit goals sought in the first few years.

The second part of the marketing strategy outlines the product's planned price distribution strategy and marketing budget for the first year.

The third part of the marketing strategy plan describes the long run sale and profit goals and marketing- mix strategy overtime.

Stage 5 Business Analysis

After developing the product concept and marketing strategy, the next step will be to prepare sale, cost and profit projections to determine whether it satisfies the company's objectives or not. If it does, the product concept can move to the product-development stage. As new information comes in, the business analysis will undergo revision and expansion.

Stage 6 Product Development

If the product concept passes the business test, it moves to research and development and/or engineering to be developed into physical product. Up to now, it has existed only as a word description, a drawing or a prototype. This step calls for a large jump investment that dwarfs the idea-evaluation costs incurred in the earlier stages. At this stage, the company will determine whether the product idea can be translated into a technically and commercially feasible product.

The research and development department will develop one or more physical versions of the product concept. Its goal is to find a prototype that the consumers see as embodying the key attribute described in the product-concept statement, that performs safely under normal use and conditions and that can be produced within the budgeted manufacturing costs.

Stage 7 Market Testing

After satisfying with product's functional and psychological performance, the product is ready to be dressed up with a brand name. Packaging and preliminary marketing program. The goals are to test the new product in more authentic consumer settings and to learn how large the market is and how consumers and dealers react to handling, using and repurchasing the actual product.

A market testing can yield valuable information about buyers, dealers, marketing, program effectiveness, market potential and other matters.

The amount of market testing is influenced by the investment cost and risk and the time pressure and research cost on the other hand. High investment, high-risk products, where the change of failure is high must be market tested.

Stage 8 Commercialization

Market testing gives enough information to decide whether to launch the new product. If the company goes ahead with commercialization, it will face its largest costs to date.

In commercializing a new product, market-entry timing is critical. Suppose a company has almost completed the development work on its new product and hears about a competition nearing the end of its development work. The company faces three choices when to launch the new product.

1. **First entry:** - The first firm entering a market usually enjoys the first mover advantages of looking for key distributors and customers and gaining reputation leadership.
2. **Parallel entry:** - The firm might have its entry to coincide with the competitor's entry. If the competitor wishes to launch, the company does the same. If the competitor takes its time, the company also takes time using the extra time to refine its product.
3. **Late entry:** - The firm might delay its launch until after the competition has entered. This strategy has three potential advantages:-

- ♣ The competitor will have borne the cost of educating the market.
- ♣ The competitor product may reveal fault that the late entrance can avoid.
- ♣ The company can learn the size of the market.

Where to launch the new product: - The Company must decide whether to launch the new product in a single locality, a region, several regions, the national market or international market. Company size is important factor for geographical strategy small companies in particular, will select an attractive city and put on ability campaign to enter the market. Large companies will

introduce product into a whole region, then move to the next region. Companies with national distribution networks will launch their new models in the national market.

Companies would achieve a higher rate of new-product success if they adopted an international focus in designing and developing their new products. They would be more careful in naming the product, choosing materials, designing features and so on.

To whom to launch the new product: - Within the rollout markets, the company must target its distribution and promotion to the best prospect groups. Prime prospects for a few consumer products would ideally have the following characteristics:-

- ♣ They would be early adapters.
- ♣ They would be heavy users.
- ♣ They would be opinion leaders.
- ♣ They could be reached at a low cost.

Few groups have all of these characteristics. The company should rate the various prospect groups on these characteristics and target the best prospect group. The aim is to generate strong sales as soon as possible to motivate the sales force and attract further prospects.

The consumer – Adoption Process

Adoption is an individual's decision to become a regular user of a product (Marketing Management 9th edition by Philip Kotler page 335).

How do potential customers learn about new products, try them and adopt or reject them? Management must understand this customer-adoption process to build an effective strategy for early market penetration. The consumer-adoption process is later followed by the consumer-loyalty process which is the concern of the established producer.

Pricing Strategies for New Product

A company should select appropriate pricing method but always should consider the following factors: -

- A. the state of demand
- B. level of competition
- C. customer purchasing power

Depending on this, they can use different methods on pricing such as, value pricing, target return determining in advance the ROI, mark up pricing the standard marking of a product cost, procured pricing and on-going rate pricing depending on the market increasing and decreasing a price.

Communication for New Products

A marketing communication (promotion) is an initiated marketing technique directed to target customer. It aims on influencing attitude and behavior of customers.

A special consideration should be given on what to say how to say whom and when to say. The main objectives of marketing communications include:

- a. **Informing:** - to build image of new products how to use new products pointing out possible service and the like.
- b. **Persuasive: - Promotion** provides detail information build brand performance leads targeted customers to act now.
- c. **Reminding Promotion:** - recall when, how, which to get it deep products in customers mind.

Companies should give much attention for the following points before launching promotion:

- A. identifying target groups
- B. set promotion objective
- C. design the message
- D. selecting the media
- E. setting budget
- F. evaluating the campaign

Distribution Channel for New Products

Being one of the most important marketing mix elements, manufacturers rely on distribution channel in order to reach their customers with their newly produced product.

The total choice depends on the nature of the product and the capacity of the organization.

Companies should consider the following points while designing channel of distribution

- A. accuracy in feeling orders
- B. process on orders
- C. Time to enter.

Challenges in New-Product Development

Given today's intense competition, companies that fail to develop new products are putting themselves at great risk. Their existing products are vulnerable to changing consumer needs and tests. New technologies shortened product life cycles and increased domestic and foreign competitors.

Why do new products fail?

Several factors may be responsible for a product failure such as:-

1. Poor locating strategy.
2. Incorrect positioning.
3. High price of a product.
4. Inappropriate promotion methods.
5. Less focus on consumer preferences.
6. Technical problems.
7. Increased production cost more than expected.
8. Failure to study competitors strength and weakness.
9. Difficulties on pronouncing on brand name.
10. Lack of high technology
11. Inadequate findings in market research.

Given these challenges what can a company do to ensure the success of its new products?

To ensure the success of its new products, a company should understand the importance of team work among research and development, engineering, manufacturing, purchasing, marketing and finance. From the beginning, the product idea must be researched from marketing point of view and a specific cross-functional team must guide the project throughout its development.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter describes the research design that involves in the study and justifies the approach selected for this study in the light of the research questions. The chapter also includes description of the study area, research approach, research design, types and source of data, methods of data collection, sampling technique and sample size and, population and sample size and data processing and analysis.

3.1 Description of the study area

The study was focused on Sheba Leather Company. The company is found around Bole road in front of Shoa shopping, Addis Ababa, Ethiopia.

3.2 Research Approach

In order to achieve any goal, finding the approach to reach the goal is the most important stage of the work. Doing research is under this rule as well. In order to extract true conclusions from a research it is necessary to use a proper and scientific approach with respect to the subject. Choosing a particular research method depends on the objective and type of the subject and the researcher's possibilities.

3.3 Research Design

Descriptive research technique was used to illustrate the findings and draw to conclusions. The researcher had used qualitative and quantitative research method. The type of qualitative research technique is interview. The researcher had used quantitative research method through construction of questionnaires.

3.4 Types and Source of data

Both primary and secondary data was used to complete the information needed. The primary sources include interviews and questionnaires while the secondary sources include books, reports manuals, and other publication of the company.

3.5 Methods of data collection

The instruments that had been used in this research are questionnaires in the form of close-ended and open-ended questions. Interview in structured form was used to collect data from management.

3.6 Sampling technique and size

The sampling technique used in this study is simple random sample. This is because all population was considered equally for accomplishment of this study. A formula by Tyro Yamane (1967)

Where: n =sample size

N =Total population

E =Perception (confidential error)

$N=2000$

$E=9\%=0.9$

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

$$n = \frac{2000}{1 + 2000(0.9)^2}$$

$$n = 116$$

By using the above formula, the researcher identified 116 samples from the customers of Sheba Company. By using proportionate sampling size of determination formula method sampling size is determined as follows.

3.7 Population and sample size

The sampling technique that the researcher used is simple random sampling technique. There are 2000 customers in the company 116 will be taken it means 9% from the total customers.

3.8 Data processing and Analysis

The data was processed, analyzed and interpreted using percentage. Tables were used as a descriptive technique to analyze and interpret the processed data.

CHAPTER FOUR

Data presentation analysis and interpretation

In this chapter, data gathered from different sources are presented analyzed, and interpreted. A total of 116 questionnaires were distributed to different individuals who were users of Sheba products as well as different leather producers. But out of one hundred sixteen 16 of the respondents failed to return. Questionnaires, structured interviews and general observations were made during the period of data collection. To simplify the task of analysis, the student researcher segmented respondents by sex, age experience and educational level.

Table 1 Characteristics of the respondents

No	Variables	Alternatives	Respondents	
			No	%
1	Sex	a. Male	50	62.5
		b. Female	30	37.5
		Total	80	100
2	Age	a. Under 18	-	-
		b. 18-25	10	12.5
		c. 26-35	30	37.5
		d. 36-60	35	43.75
		e. Above 60	5	6.25
		Total	80	100
3	Educational level	a. Below high school	6	7.5
		b. High school	4	5
		c. Diploma	30	37.5
		d. first degree	35	43.75
		e. Master degree and above	5	6.25

		Total	80	100
4.	Work experience	a. Less than 5 year	15	18.75
		b. 6-10 year	20	25
		c. 11-20 year	10	12.5
		d. More than 20 years	2	2.5
		Total	47	58.75

Source: questionnaire (2023)

As shown in table 1 out of the total respondents 50(62.5%) of them were males whereas the rest 30(37.5%) of them were females. It shows the majority users of the product Sheba are males.

Table 1 represents the age compositions of respondents out of the total respondents, about 10(12.5%) belong to the age group of 18-25, 30(37.5%) belong to age 26-35, 35(43.75%) belong to age 36-60 and 5(6.25%) above 60 years. So this tables show most of the customers age are between 26-35.

Out of the total respondents 15(18.75%) were found less than 5 years of working experience, 20(25%) respondent were found between 6-10 year working experience, 10(12.5%) respondent were found between 11-20 year working experience, and 2(2.5%) is more than 20 year working experience.

The last one represent the educational background 6(7.5%) is below high school, 4(5%) is high school, 30(37.5%) diploma, 35(43.75%) of first degree and 5(6.25%) master's degree and above.

Table 2Income per month

No	Year income per month	Number	Percentage
1	Below 1,000	15	18.75
2	1,001-3,000	40	50
3	3,001-5,000	25	31.25
4	5,001-10,000	-	-
5	More than 10,000	-	-

Source: questioner (2023)

The above table indicates that income per month among sample respondents are 40(50%) are 1001-3000 birr, 25(3.25%) are between birr 3001-5000, and 15(18.75%) are below 1000 in the interview the manager says their selection of customer is based on their income.

Table 3 Customer in Sheba Leather Company

No	Year of customer in Sheba	Number	Percentage
1	1-5 year	30	37.5%
2	6-10 year	40	50%
3	Above 10 year	10	12.5%

Source: questionnaire (2023)

The table indicates that how long the respondent had been customer of Sheba. Total sample respondents 10(50%) are between 6-10 year, 30(37.5%) are between 1-5 years and 10(12.5%) above 10 year.

Table 4 Brand Preference

NO	Which brand of leather you prefer most	Number	Percentage
1	Joy Leather	35	43.75%
2	Sheba leather	30	37.5%
3	Abyssinia leather	10	12.5%
4	Abay	5	6.25%
	Total	80	100%

Source: questioner (2023)

The above table shows that 43.75% of the respondents prefer Joy Leather, 37.5% prefer Sheba, 12.5% of the respondents prefer Abyssinia and the rest 6.25% of the respondents prefer Abay. This implies that most consumers had built good brand image for Joy Leather products.

Table 5 Consumption Status

No	What do you buy from Sheba	Number	Percentage
1	Lap top bag, Brief case, Document case	45	56.25%
2	Men's leather garment	20	25%
3	Wallets and belts	10	12.5%
4	Ladies' leather garment and hand bag	5	6.25%
	Total	80	100%

Source: questioner (2023)

As indicated in the above table, 56.25% of the respondents buy leather articles like lap top cases, brief cases and document cases, 25% of the respondents buy men's leather garment, 12.5% buy wallets and belts and the rest 6.25% of the respondents buy ladies' leather garments and hand bags. This data show that most of the consumers prefer to buy products like brief cases and document cases from Sheba because they believe that Sheba is specialized in these products than any other producer.

Table 6 Satisfaction on the Existing Products of Sheba

NO	In which products of Sheba Are your satisfied most	Number	Percentage
1	Lap top bag, Brief cases Document case	40	59.70%
2	Man's leather garment	15	22.3%
3	Wallets and belts	9	13.43%
4	Ladies' garment and hand bags	3	4.47%
	Total	67	100%

Source: questioner (2023)

As shown in the above table, more than half the respondents are satisfied with lap top bags, brief cases and document cases, 59.70% are satisfied with men's leather garment, 22.3% of the respondents are satisfied with the wallets and belts and only few numbers of the respondents are satisfied with ladies' leather garments and hand bags.

The data implies that most consumers are satisfied with products quality of laptop bags, brief cases and document cases than the leather garments.

Table 7 Reasons for choosing products of Sheba

No	Reasons for Choosing products of Sheba	Number	Percentage
1	Leather quality	50	62.5%
2	Design	10	12.5%
3	Finishing quality	5	6.25%
4	Other reasons	15	18.75%
	Total	80	100%

Source: questioner (2023)

As shown above, 62.5% of the respondents choose Sheba because they believe that the leather quality is good, 12.5% of the respondents choose Sheba because of the design, 6.25% of the respondents choose Sheba because of its finishing quality and 18.75% of the respondents have different reasons for choosing Sheba.

As a data obtained by interviewing these 18.75% respondents choose Sheba especially for its products like lap top bags, brief case and document cases because Sheba is the only supplier for the mentioned leather products to government organizations.

This implies that most of the consumers choose Sheba because they believe that Sheba produces its products with the best leather quality than other producers.

Table 8 Complaints

No	Were you having any complaints	Number	Percentage
1	Yes	70	87.5%
2	No	10	12.5%
	Total	80	100%

Sources: questioner (2023)

The above data indicates that 87.5% of the respondents were having complaints. Only 12.5% of the respondents have not complained. During the interview the manager suggest the company prepares customer compliant through data collection form.

This implies that majority of the customers are not satisfied in the products they purchased from Sheba.

Table 9 What were your Complaints?

No	Complaints	Number	Percentage
1	Style	30	37.5%
2	Finishing Quality	25	31.25%
3	Color	20	25%
4	Leather quality	5	6.25%
	Total	80	100%

Sources: questioner (2023)

As indicated in the above table, 37.5% of the respondents were complained about the style, 31.25% about the quality.

Data obtained through observation shows that most customers are complaining about the style, finishing quality and about limited colors choice. The information obtained by the general manager, most of the production workers and the designers are not professional.

This data shows that most consumers complained because they believe that the existing products are not fashionable, attractive and color choice is limited.

Table 10 Improvement after Compliant

No	Have you seen improvement after Your complaints	Number	Percentage
1	Yes	20	25%
2	No	60	75%
	Total	80	100%

Source: questioner (2023)

As indicted in the above table, 75% of the respondents have not seen any improvement after these complaints and 25% of the respondents have seen improvements on products they complained about.

This implies that Sheba doesn't take immediate and measurable actions even if most consumers were having complaints on different reasons.

Table 11 Considerations While Choosing a Leather Product

No	Consideration while Choosing A Leather Product	Number	Percentage
1	Style	50	50%
2	Purpose	15	18.75%
3	Leather Quality	15	18.75%
	Total	80	100%

Source: questioner (2023)

About 62% of the respondents give more consideration to the style of the product, then about 18.75% of the respondents give consideration for the purpose of the product and 18.75% of the respondents give consideration to the leather quality.

This implies that a product style is the major and important consideration while buying a product.

Table 12 what is your opinion about Sheba Products Design?

S/N	Opinion About Sheba	Number	Percentage
1	Satisfying	20	25%
2	Not satisfying	60	75%
	Total	80	100%

Source: questioner (2023)

As indicated in the above table, 75% of the respondents are not satisfied and only 25% of the respondents are satisfied.

A data obtained by observation indicates that most customers are not satisfied with products design, color choice and finishing quality; especially for the leather garments.

This implies that above 75% of Sheba's customers are not satisfied with its products because of different reasons.

Chapter Five

Findings, Conclusion and Recommendation

5.1 Findings

In this section, major findings of the study are highlighted correlating with the objectives that are stated as an assessment of product development in the case of Sheba.

The following findings are obtained from the research.

- ♣ Most consumers prefer 43-75Joy Leather and 37.5% Sheba as their brand.
- ♣ 50% of the consumers buy laptop bags, brief cases and document cases from Sheba.
- ♣ 62.5% consumers choose Sheba because of the leather quality.
- ♣ 93% of the consumers were having complaints regarding the product style, finishing quality and color choice.
- ♣ 75% consumers haven't seen any improvement after their complaints.
- ♣ 75% of the consumers are dissatisfied with existing products of Sheba.
- ♣ 18.75% consumers give more consideration for a leather quality while they are buying a leather product.

5.2. Conclusion

Based on the obtained findings, the researcher concluded the study as follows:-

- ✓ Sheba has better market share for leather articles like laptop bags, brief cases and document cases than other producers.
- ✓ As to the market share for the leather garment, Sheba got only 40% of the market share.
- ✓ Most consumers believe that Sheba produces quality leather but, they are not satisfied with products design, finishing quality and color choice.
- ✓ Initial findings indicate that majority of the consumers were having complaints regarding to style, color and finishing quality. However, they haven't seen any satisfactory improvements. The design quality manager replies to the interview that the company gives some opportunity of training and seminars to the designers. But it is not satisfactory yet.

- ✓ Information obtained from interview with the management shows that, the company handles complaints by preparing customer compliant data collection form.
- ✓ Sheba implements push oriented approach for its newly produced products and measures the effectiveness of the new products through the sales volume.
- ✓ The company doesn't establish necessary departments like Marketing Information System, Research and Development which are very essential departments for the process of new products development and improvement.
- ✓ Sheba is facing a problem to coup up with technological changes because of inadequate budget and lack of skilled manpower.
- ✓ The company implements company oriented strategy to create a new product.
- ✓ Sheba does not implement marketing information system.
- ✓ Sheba measures its effectiveness of the new product through sales value.
- ✓ 12. Sheba is trying to monitor the technological changes in some cases, but it is not that much satisfactory because; the company doesn't establish research and development department, lack of adequate budget and the other reason is that since Ethiopia is a developing country, it is not an easy job to closely monitor the technology activities.
- ✓ 13. Sheba uses product differentiation competitive strategy.

5.3. Recommendations

One of the objectives of this study is providing some strengths and weaknesses to the company for further improvements based on research findings obtained by the researcher.

Therefore, the researcher forwards possible solutions and recommendations as follows:-

- ♣ Sheba builds good image in consumers mind for its leather article products than garment products. Therefore, the researcher recommends Sheba to specialize in leather article products category and drop leather garment products.
- ♣ The company should implement pull oriented strategy rather than push oriented strategy.
- ♣ Marketing Information system and Research Development departments must be established since they are very essential departments for an integrated force while developing or improving products.

- ♣ Sheba should make relations with countries who can supply cheap manpower from foreign countries in order to give training opportunities for its designers and to improve its manpower skill.
- ♣ Sheba should allocate adequate budget for research and development since it is the base for maintaining technological changes.
- ♣ The company should improve its complaint handling system and should take immediate actions for the complaints made by customers.

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More than 20 years

5. On average your income per month is Birr

Below 1,000

1001-3000

3001-5000

5001-10000

More than 10000

6. Which brand of leather product you buy most often?

Sheba Leather Industry

Abyssinia

Abay

Joy leather

Others, please describe _____

• What do you from Sheba Leather Industry?

Men's leather garment

Laptop, brief case, document case

Wallets and belts

Ladies leather garment and hand bog

Other, please describe _____

• How long have you been customer of Sheba Leather Industry?

1-5 years

6-10 years

above 10 years

• What is your reason for choosing products of Sheba Leather Industry?

Leather quality

Finishing quality

Design

Other reasons _____

• In which product/products of Sheba Leather Industry are you satisfied most?

Style

finishing quality

Color

Leather quality

• Where you having any complaints?

Yes

No

• What were your complaints about?

- Have you seen any improvements after your complaints?
Yes No
- What is the most consideration of yours when you choose a leather product?

- What is your opinion of Sheba Leather Industry leather good and Garment unit product?

An interview with the concerned body

This interview is prepared by a fourth year graduating student of Wolkite University

The main objective of the interview is trying to assess the product development of Sheba Leather Industry. I kindly request your cooperation in answering the following questions.

Thank you!

1. What kind of strategies does the company implement in order to create new products?
2. Does the company have marketing information system?
3. How do you measure the effectiveness of your newly developed products?
4. Do you think that you have skilled manpower among the departments of production and designers?
5. Do the designers have any opportunity of learning, seminars and workshops which is aided by the company?
6. How do you select target customers?
7. How do you handle customer's complaint regarding to your product, design, quality, color etc....?
8. Are you closely monitoring the technological change in your area of operation?
9. What is your competitive strategy?