

ABSTRACT

It is common knowledge to see a lot of organisational resources committed into product ideas that have not undergone proper research, especially market based research. As a result, it is either that the product fails out rightly or gains marginal success. No wonder we have so many of such product wasting in the market places begging for demand. When a product idea carries a weight of benefits to give to the market even the market will be anxious waiting for it to be launched. Besides proper research into developing a quality product, there is also the need for a wide range of management activities of the product from its conception to maturity or until it is being disposed such management activities include providing appropriate strategies for pricing, promotion, distribution as well as on-going support to customers who have purchased the new product pertinent to the above the study aimed at assessing new product development and management in Nigeria. However the following objectives were formulated: To determine the relationship between marketing research and new product development; To determine how new product development influences customer satisfaction and retention; To determine the impact of technology, skilled manpower on new product development; To identify critical factors, both marketing and otherwise for new product success or failure and To identify the impact of new product development on profitability of an organisation. The study had a population of 44. The descriptive survey design was adopted for the study while chi-square was used to test the hypotheses. The findings showed that there is relationship between marketing research and new product development. Also new product development influence customer satisfaction and retention. Furthermore technology, skill manpower have impact on new product development and finally there is relationship between new product development and profitability. The study recommended that firms should periodically evaluate their product so that they will be able to be ahead of their competitors and make profit.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

New product development process allows firms to deal with progressively intensive competition when facing challenges from rapidly changing market condition. Companies try to gain sustainable competitive advantages with continuous innovation. These efforts are critical for the companies because introducing a new product to the market is expensive and challenging due to acquiring new knowledge and technologies and implementing new processes.

New Product development is a business and engineering term, which describes the complete process of bringing a new product to the market. In other words, Product development is the process of designing, creating, and marketing an idea or product. The product can either be one that is new to the marketplace or one that is new to your particular company, or an existing product that has been improved. In many instances, a product will be labeled new and improved when substantial changes have been made.

According to Kotler (2006:633), a product is anything that can be offered to a market to satisfy a want or need.

However, product is much more than just a physical object. It is the complete bundle of benefits or satisfactions that buyers perceive, they will obtain if they purchase the product. It is the sum of all the physical, psychological, symbolic, and service attributes.

In the words of Stanton, (2001:121), a Product is a set of tangible and intangible attributes which the buyer may accept as offering wants-satisfaction. For instance, in the Nigerian Soft drink industry we have products such as Malta Guinness from Guinness Nigeria Plc, Maltina drink from Nigerian Breweries Plc, Mirinda from 7 UP Nig. Plc; in the detergent sector, there are Elephant Blue Detergent from PZ Industries Plc, and Omo, Key Soap, Loyco, Blue Band, Lipton Yellow Label Tea, Knorr (Acquired in Dec. 2005 from Cabury), Pears Baby Care, Lux, Vaseline, Close Up, etc from Unilever Nigeria Plc. Also in the financial sector, there is Master Card from UBA Plc, Child Trust and Maxi-yield from Sterling Bank Plc, to mention but a few.

A product is similar to goods in accounting. Goods are physical objects that are available in the marketplace. This differentiates them from a service which is a non-material product. The term goods is used primarily by those that wish to abstract from the details of a given product. As such it is useful in accounting and economic models. The term *product* is used primarily by those that examine the details and richness of a specific market offering. As such it is useful to marketers, managers, and quality control specialists.

A “man” can also be an “experience”, which like a service is intangible. However an experience is unique to the receiving individual based upon their history. Example: amusement parks offer rides (product), acceptance of credit card (service), and audience participation at the dolphin show (experience). My value the dolphin show is different from yours, and the extent to which I value it trade for it (money).

Joe (2008:53) states that such “items as legal and medical services, hair cut, vehicle repairs and classroom teaching also constitute product, even if they are not physical in nature. It is perhaps in consideration of this double nature of product and also in view of the fact that purchasing implies selling that Kotler (2003:342) defines a product as “anything that can be offered to the market for attention, acquisition, use or consumption that might satisfy a want or need”. He added that product “includes physical objects, services, persons, places organization and ideas”, noting that persons and organizations can attract buyers’ attention and that a person’s records or ideas for instance can be purchased, while an organization can be promoted.

1.2 HISTORICAL BACKGROUND OF UNILEVER NIGERIA PLC

UniLever Nigeria Plc is a multinational organization that was incorporated in 1924 and listed on the Nigeria Stock Exchange as a Public Limited Liability company in 1973. Its vision is “to be the biggest and

most profitable consumer product company in Nigeria” and its mission slogan is “it add vitality to life” The Company is 50.04% owned and controlled by Unilever Overseas as the Parent/technical partner and 49.96% by Nigerians. It has total number of shareholders of 90,648 and shareholding of about three billion. Besides, its share holders’ fund is in the sum of N5.57 Billion which also tallies with the amount of its net asset. The company made a profit after tax for the current financial year, 2009 to the tune of N1,616,457,000.00

It has its registered/Head office at NO.1, Billingsway, Oregun, Ikeja, Lagos and regional offices at Abuja, Ibadan and Jos, as well factory sites/industrial estates at Agbara, Ogunstate, industrial road Aba, and Billingsway, Oregun, Lagos. Besides, it has over 101 distributors nationwide as their marketing outlet network. Before now, the company was known and called by different names such as : Lever Brothers (W.A.) Ltd (till 1924), West African Soap Co. Ltd (till 1955); Lever Brothers (Nig) Ltd (till 1973) and Lever Brothers of Nigeria Plc (till 2001).

The business sector activities of the company includes Manufacturing and Marketing of Consumer Products such as home care and personal care products and foods. In other words, UniLever Nigeria Plc is involved in the manufacturing and marketing of the following lines of products: Non-soapy detergents/Laundry Soaps (Omo, Rin, Vim, Key); Food/brands (Lipton Yellow Label Tea, Home Cup Tea, Royco, Blue Band, Oroyo); Bakery Products (Breadeem, Marva, Hossum, Masterline Special); Personal Products (Close Up, Respondent, Vaseline, Petroleum Jelly, Lux, Fresh, Esteem, Satin Sheen, Reward, Shield, Pears, etc) as well as industrial and institutional detergents: Last year, 2005, the brilliant execution of OMO Activation Awareness Campaign in Nigeria, resulted in the company winning the Silver Trophy of the prestigious Asia/AMET Activation Award. The substance of the campaign was that Nigerian Parents should not, because of ‘dirt’, deny their children the opportunity to play (which is very good for children) because Omo is more than capable to deal with the dirt.

The company has a 9-member board of Directors made up of Seven Nigerians and two expatriates (a British and Ivorian) and is chaired by Mr. Felix A. Ohiwerei. The choice of Unilever Nigeria Plc as a case study provides an opportunity for delving into this research in its broadest sense so as to recommend solutions if any that may exist or establish the need to assess the development and management of new product development as an antidote, so to speak, for organizational survival in a competitive market and structured economy such as Nigeria, no matter the market leadership status such organization has already attained. Over the years, the company has been making steady growth and good return on investment to its

shareholders are evidenced by its profitability, capital appreciation, good dividend yield, earning per share and price earning ratio. The year financial summary of the company, from 2005 - 2009 showed that it been profitable, with good EPS and giving good returns of dividend to its investors, except in 2009. Presently, it has a net asset base of N5.5b. Being one of the market leaders among the conglomerate sector, its competitors are mapping out aggressive marketing strategies to gain a remarkable percentage of its market share. Hence the need for UniLever Nigeria Plc to engage in series of new product development and management in their various brands so as to have a high brand premiums.

New Product development as a veritable strategy for gaining the market, especially in a competitive business environment, involves quality improvement, increasing the functional performance of a product such as durability; reliability and taste, feature improvement, addition of new features that expands the product versatility, safety and convenience and a strategy of style improvement which aims at increasing the aesthetic appeal of the product in contrast to its functional appeal. UniLever Nigeria Plc have shown that it wants to continue to outperform itself and the industry by being the source of new product ideas and customer services

1.3 STATEMENT OF THE PROBLEM

Since the advent of the industrial revolution, business environment has become sensitive and highly competitive. In order to survive and achieve their goals and objectives, it behooves business organizations to systematically adapt to changing needs of the consumers and create products that meet their yearnings and desires. Successful New product development is necessary for the survival of marketing organizations. It is however a challenging and risky business, often because of the following reasons.

It is a common knowledge in Nigeria to see a lot of organizational resources committed into product ideas that have not undergone proper research, especially market-based research. As a result, it is either that the product fails out rightly or gains marginal success. No wonder we have so many of such products wasting in the market places begging for demand. When a product idea carries a weight of benefits to give to the market, even the market will be anxiously waiting for it to be launched.

Besides proper research in developing a quality product, there is also the need for a wide range of management activities of the product from its conception to maturity or until it is being disposed. Such management activities include providing appropriate strategies for pricing, promotion distribution as well as on-going support to customers who have purchased the new product.

New product development requires enormous funding, even from the stage of idea generation and up to the time such product is withdrawn from the market. It is expected that the management, having determined the source of financing the new product development project, prepares in advance an estimated cash flow statement on the project based on estimated sales revenue and the total cost involved. They (management) should also prepare a contingency budget to take care of all exigencies so that the variances and discrepancies would be brought to light.

New Product development imposes a greater task on the manufacturers/producers to strive in satisfying their customers and retain their loyalty if their goals and objectives are to be achieved, this calls for a good leadership. And given that the project (new product development) requires enormous funding, management should adopt both short and long term marketing programs to ensure that a new product survives its cycle profitably.

New product, for the purpose of this work, will include original products, improved products, modified products and new brands that the firm develops through its own Research and development efforts. The development of a new product should be a continuous process and should be given serious management supports for the survival of business organizations.

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