

Challenges of Marketing of New Products by Rift Valley Bottlers in Kenya

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Abstract

New products can be referred to as original products, product improvements, product modifications, and new brands that the firm develops through its own research and development effort. The failure rate of new products has remained high in Kenya for the last decades. Relentless pressure does not exist which differentiates products and gain market share, new products do not remain new for too long. New technologies going into new products change more quickly than they have in the past, lack of marketing tactics to market the products and the consumer level of income hinder the success of the new products in the market. The study adopted a case study design on the Rift Valley Bottlers Limited, in Uasin-Gishu County. The purpose of this study is to determine the challenges of marketing of new products by a firm. The study used questionnaires and interview schedules as the primary data collection tools. The total sample size consisted of 12 management staff, 48 employees and 93 Retailers/wholesalers/consumers. Data was coded and analyzed using descriptive statistics which adopted both qualitative and quantitative analysis in order to achieve the objective of the study. The data was then presented in form of tables, frequencies and percentages. The findings showed that 88% of the respondents were of the opinion that the consumer taste and preferences determine whether the product will be bought or it will remain at the market, 90.8% of the respondents were of the opinion that the marketing and sales tactics determines the success of a new product into the market and 94.6% were of the opinion the demand of the product in the market will determine the purchase decisions of consumers. The study concluded that the consumer taste and preferences determine whether the product will be bought or it will remain at the market. It also recommends that the organizations should conduct an extensive market survey to determine the feelings of customers about a given product.

Keywords: New product, Product development, marketing

Background of the Study

New products are goods, services, or ideas, perceived by customers as new (Armstrong and Kotler, 2005). They can also be referred to as original products, an improvement of a product, a modified product, and a new brand that a firm develops through its own research and development efforts. David and Nigel (2001), argue that a new product and service introduction can be classified according to their newness to the market and their extent of customer value created. Marketing of the new products is defining the market as accurately as possible to have a deeper understanding of exactly to whom the products are supposed to be sold. The more specific a target market is, the more accurately it will be able to target sales and marketing efforts.

Developing new products is an important activity for firms globally. However, marketing new products is very risky and challenging because new product failures can cost millions of money (Copper, 2009).

According to Ramaseshan (2002), new products are important to the survival and growth of any firm. Success in new product is a critical management issue, especially in technology-driven firms. Managers of new products have little guidance on how to improve or redirect their organization's external orientation towards their product target market. Copper (2009) argued that market knowledge and marketing proficiency play a critical role in the outcome of a new product. The firm should have sound understanding of needs and wants, price sensitivities, buyer behavior, market potential, and competition. Besides, sales force and distribution effort were strong and well targeted at launch. The obvious point needs reinforcement; the commercial viability of a new product rests in the hands of its potential customers. Therefore, a solid understanding of the marketplace together with an effective market launch effort is vital to the success of a new product.

In the new development process of a product, and particularly in the international context, marketing plays a major role in effectively and efficiently translating market information of the new product into the market. New products must offer unique advantages to earn a substantial piece of the market and earn the manufacturer a profit on its investment. It takes time for the sales volume of a new product to reach a point where the manufacturing plant can operate at efficient capacity. Products are evaluated continually for ways to increase efficacy, broaden use patterns, and minimize risk.

Marketing strategy in new product development process in developing countries has remained unclear. Many of marketing activities influences on new product development process in the manufacturing industries has still not been explored, especially in developing countries particularly the ways of its implications in determining new product success in the market. Furthermore, the use of R&D is known as one of important department that should be established within an organization to ensure continuity of innovation and product development. For example, Kohli and Jaworski (2000) have mentioned the importance of market information in business decisions. Thus, the role of market research activities in assisting the success of new product process among African manufacturing companies is still vague and needs to be investigated.

Many manufactures consider strategic alliance with competitors essential to success of their new products in Kenya. There is a growing demand for new products which are attractive to consumers; and, when multiple companies collaborate, the costs and risks of development decrease for each cooperating company. A wider range of products can be produced to serve a broader range of customer expectations. Agricultural manufacturers for example can expand their product line to include more crops or sites and more markets by aligning themselves with companies such as seed producers whose product characteristics are missing from their own portfolio (Wanjohi, 2005). Government agencies in Kenya do not dictate what manufacturers may sell; they mandate only what they may not sell. Conversely, manufacturers may choose not to register a product in every country in which it meets government standards. They may also restrict registration and marketing based on a variety of legal and ethical issues. A company's product portfolio reflects its corporate position on environmental stewardship, human safety, and global responsibility.

Rift Valley Bottlers introduced new products into the market in 2010, these products include cans, sunfil, pulpy, 200ml coke and Fanta, novida and Coke Zero, the company used the marketing impact team to market the products, they also used displays in marketing the products. Some of them succeeded and others failed. For example pulpy, coke and fants, novida and coke zero managed to penetrate into the market. Others like cans and sunfil failed to gain market (Rift Valley Bottlers, 2010)

Statement of the Problem

Ideally, new products must demonstrate efficacy well beyond the performance of existing products labeled for the same or similar uses. The new products ought to gain success since they are new and consumers have the most influence to have them. The introduction and marketing of new products to the marketplace are vital to corporate profitability and growth. The most successful companies in carrying out these activities use approaches and techniques that, although only slightly different from those employed by their less successful competitors, result in significant performance advantage.

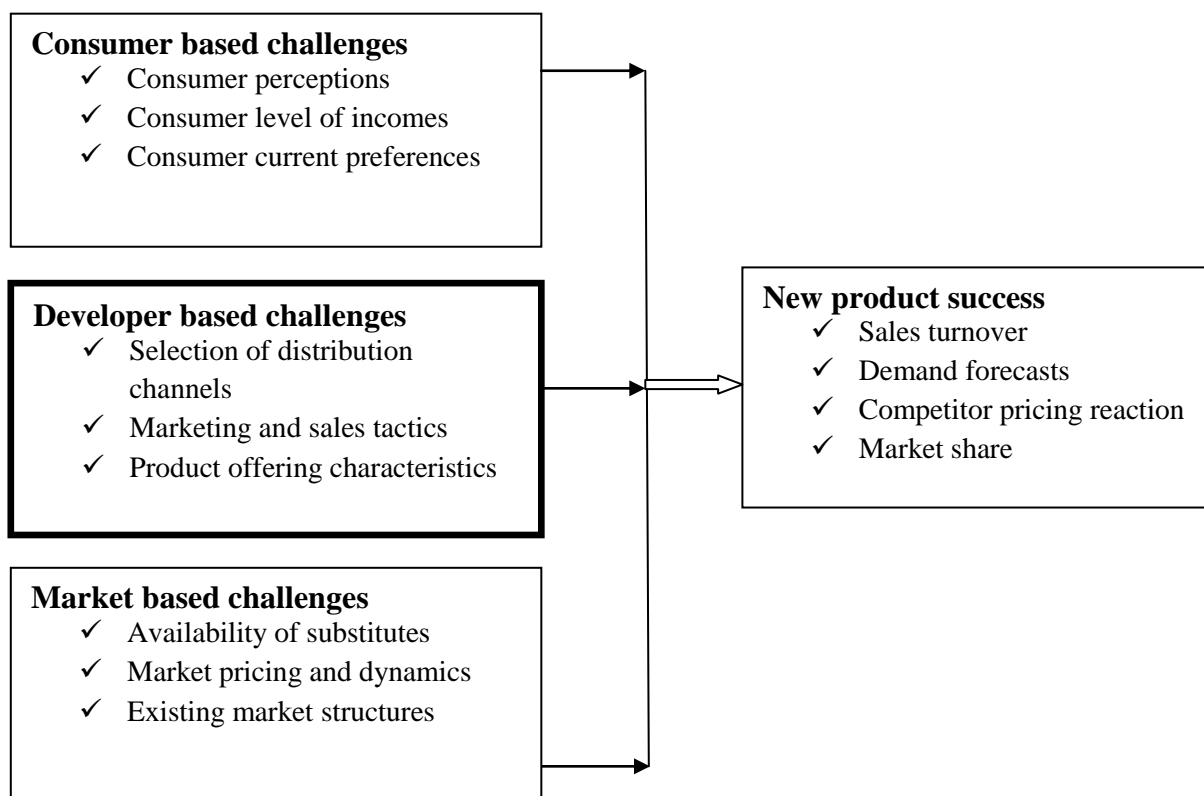
The failure rate of new products has remained high in Kenya for the last decades according to the reports by consumer federation of Kenya (2012). There are no relentless pressures which differentiates products to gain market share. New products do not remain new for too long due to new technologies. New products change more quickly than they have in the past, lack of marketing tactics to market the products and the consumer level of income hinder the success of the new product into the market.

This therefore has been the case in Kenya. Marketing of new products has become a long and tedious process and new products fail to gain success in the market. This may be due to lack of knowledge or insufficient literature on the strategies that may enable new products to gain success. The organizations remain with the old strategies which do not help their new products penetrate through the market. It is therefore against this background that the study seeks to investigate the challenges facing the marketing of new products in Kenya.

Research Objective

The objective of the study was to determine the challenges of marketing new products by Rift-Valley bottlers Ltd in Kenya.

Fig. 1 Conceptual Model



Source: Researchers, (2013)

Literature Review

Business firms spend large sums of money for new product development due to many important reasons. The reason for new product development is the most frequently cited by top business executives for corporate growth, diversification, and the quest for a competitive edge over rival business firms (Sachs and Benson, 2001).

There is another specific reason for a firm to develop new products: exploiting new opportunities. The demand for certain product attributes can suddenly become so intense that a firm is well-advised to create and introduce new products in order to exploit this new opportunity and meet the strong customer demand (Hise, 2007). Product development is potentially very important for the purpose of the business development. Along with other forms of development such as market development, product positioning development and supply development, product development can contribute to the attainment of key business objectives.

One of the most important objectives can be contributed to by organic product development is rarely explaining how this can be made to occur (Bruce and Biemans, 2005)

Study by Wei and Morgan (2004) provided three implications of theoretical knowledge concerning firms' new product performance. Firstly, the important role played by supportiveness of organizational climate in determining a firm's market orientation is identified and supported empirically, which in turn explains significant variance in the success of new product in the Chinese firms. Secondly, the study's fieldwork interviews and its empirical result indicated the importance of the cultural contexts of the firm in explaining how firms' engagement in processing market information enables them to achieve superior performance for new product. Thirdly, their findings indicate that organizational climate is important in determining new product performance through its effect on a firm's market orientation behaviors.

Cooper and Kleinschmidt (2007) concluded their study with reduction of the new product performance at the business-unit level to major underlying dimensions – profitability and impact on the business. How profitable the total businesses' new product efforts included: whether the total initiative meets profit objectives; its profitability relative to spending; and the impact of the total effort on the business unit's profits. The impact of the total new product effort on the business included: sales percentage of new products achieved by the business unit; impact of the new products on both sales and profits of the unit; achieved rate of success; and the rating of the technical success. New product development, specifically the ability of a company to develop products that out perform their competitors in the marketplace has been proved to benefit a firm in building its own competitive advantages (Kok, 2006)

A study by Yew (2002) pointed out that market orientation of business environment is an important determinant for the success of the new product development. Building an understanding of this relationship could help to achieve higher performance for the new product development that included overall business performance, firm's profitability, sales revenue, customer satisfaction and technical performance of the products. Langerak et al., (2004) found that there was a positive relationship between market orientation with product advantage and to the proficiency in market testing, launch budgeting, launch strategy, and launch tactics of product development process. Wren et al., (2000) in their study on global industrial firms found general support of the importance of market orientation to new product success. Thus, it is assumed that the strategic orientation also has positive influence on new product development process.

Marketing strategy is one of powerful tool to determine the product success. A study by Maidique and Zirger (2004) concluded that new product success was more likely when the developing organization is proficient in marketing and commits a significant amount of its resource to selling and promoting the product. Ramaseshan et al., (2002) suggests that while the implementation of marketing strategy could be important, it is the use of appropriate marketing strategies that are critical to the overall success of new products. The study also showed that formulation of the marketing strategy has a significant and positive effect on the performance of new products. Again, it appears that the formulation of appropriate marketing strategies is very critical for the success and performance of new products.

It is confirmed that company's strategies influenced new product development process. For example, Wind and Mahajan (2008) proposed that during the new product development process, the execution of strategies affects the performance of new product development. Proper market research activities also have to be taken seriously in order to ensure all information gathered suit with the new product. Previous research proved the need of market research activities on export performance and new product development performance. Hart and Tzoka (2009) have emphasized the importance of market research in determining the effective performance of new product in the market.

Cooper and Kleinschmidt (2007) pointed out that in order to upgrade the performance of new product development, a company first collects related market information, evaluates the internal and external environment and resources and plan development strategies of new products that match business goals. Most new product development teams will use some form of market information in the development and design process, market trends, focus group testing and so on (Ramaseshan et al., 2002). That means that firms have to gather as much market information to better understand the market needs and wants and give better input for better product development. Thus, it is posited here that market research activities influence new product development.

Consumer Based Challenges

Consumers can evaluate a product along several levels. Its basic characteristics are inherent to the generic version of the product and are defined as the fundamental advantages it can offer to a customer. Generic products can be made distinct by adding value through extra features, such as quality or performance enhancements (Orth & Malkewitz, 2008). In terms of competition with other products and companies, consumers greatly value these added benefits when making a purchasing decision, making it important for manufacturers to understand the notion of a “total package” when marketing to their customers. An example is when manufacturing automotive parts, a good performing product will provide the customer base with basic benefits, while adding spare parts, technical assistance, and skill training will offer enhanced properties to create a total package with increased appeal to consumers.

A great deal of research has identified product appearance attributes that can be derived from product appearance, as well as from packaging, typefaces or logos (Ellis, 2003; Orth & Malkewitz, 2008, Henderson, Giese, & Cote, 2004). Appearance attributes that are mentioned in the literature include harmony, unity, symmetry (Ellis, 2003); proportion, typicality (Veryzer & Hutchinson, 2008); massiveness, naturalness and delicateness (Orth & Malkewitz, 2008). Tools have even been developed to guide designers in objectifying attributes in their product appearances (Hsiao & Wang, 2008). The attributes described in the literature provide knowledge on what attributes are derived from product appearance. However, a major issue is not covered. Namely, the attributes reflect how designers perceive product appearance and not how the consumer perceives it, since the attributes mentioned in the literature are mainly drawn from the aesthetic and industrial design literature. Krippendorf (2009) argues that we cannot just presume that the way a designer objectifies a certain meaning in the product appearance is the same as the meaning that consumers derive. This often forces companies to communicate the meaning of the product in high-cost marketing campaigns because consumers do not automatically derive the intended meanings from the product appearance. In the same fashion, it can be questioned whether consumers will derive the same product attributes from product appearance as designers (Hsu, Chuang, & Chang, 2000). Indeed a possible difference between designers and consumers can be assumed given the extended literature on differences between non-professionals and experts in the perception and evaluation of a wide range of stimuli e.g., Chi, Feltovich, & Glaser, (2001); Tanaka & Taylor, (2001).

When one considers consumers to be the non-professionals in design, and the designers to be the experts, then one can conclude that consumers have less or qualitatively different knowledge of design than designers. There is at least one study in the design literature showing that these differences do exist between consumers and designers. Hsu et al. (2000) found that when scoring a number of products on attributes like mature, emotional and soft, consumers rate them differently from designers and are less able to differentiate between different appearances.

Consumers may find other attributes more descriptive of the appearance than attributes used by designers (e.g., playful instead of dynamic). As such, the appearance attributes that have been described in the literature might not give an accurate overview of what consumers themselves see in a certain product appearance. This limits the applicability of these attributes mentioned in the literature in testing designs with consumers.

Developer Based Challenges

Companies that are able to communicate a certain meaning (e.g. prestige) through the appearance of a product design can create a competitive advantage in the market and increase the product's chance of success (Lewalski, 2008; Bloch, 2005; Hertenstein, Platt, & Veryzer, 2005; Yamamoto & Lambert, 2004; Chang & Wu, 2007). According to Krippendorf (2009), the design of the product should be well understood or meaningful to the consumer. The meaning the appearance of a product communicates helps consumers to assess the product on functional, aesthetic, symbolic or ergonomic motives. These motives play a role in the overall product appraisal. For example, when a product looks modern, it has a positive effect on product appraisal when consumers are motivated to assess a product on its aesthetics (Creusen & Schoormans, 2005). In practice, designers often face the difficulty of how to incorporate an intended meaning in a product design.

Market Based Challenges

Rao, (2004), argues that there are several factors to consider when marketing a new product, including the competition, the ideal customer, the unique selling proposition (USP), testing and media campaigns and understanding the life cycle of the product. By understanding these factors, a marketing plan can be created that helps the company achieve success when introducing a new product.

A company should conduct plenty of research on the product the competitor is offering (Gary, 2006). Seeing what marketing efforts may be working and not working for the competitor can guide them in how to effectively market the new product. If a company is introducing a new product to the market (such as an invention), they should put themselves in the shoes of potential buyers and consider what benefits the product offers them or what need it fills (Armstrong, 2005).

A company also focuses on marketing efforts on the customer that is most likely to buy the product in order to get the market for the new products. They should consider the reasons why a customer would need or want their product and leverage this in the marketing messages. It is much easier to target the right customer who has a need and desire for the product than to try to create a market for a product (Kolter, 2005).

A company's perception of the product and the perception of potential customers may be very different. Testing the perception of the product by conducting focus groups or gathering feedback from testers can give direction to a company's marketing efforts (Singh, 2008). A focus group may reveal that the colors a company is using for the product packaging are not attractive to potential customers, so they can alter the packaging to be more appealing before launch. Testers of the product could find that the product doesn't work for a particular use but works great for another use. Use this information to concentrate your marketing efforts on what the product works best for or modify the product to correct the problem before launching it.

Singh. (2008) argue that products go through a life cycle. The cycle includes development, introduction, growth, maturity and decline stages. Understanding and monitoring where the product is in the life cycle directly affects the marketing efforts that take place during the stage. For example, marketing during the introductory stage is oriented to reach the target audience of the product and create a demand for the product, while in the growth stage marketing involves creating brand preference

Research Methodology

The study adopted a case study research design and the case chosen for the study was Coca-Cola limited. This was chosen due to the outstanding factors that hinder the marketing of new products by the company. The study targeted the management, employees and the Retailers/wholesalers/consumers who consume the products of Coca-Cola Company, Rift Valley Bottlers in the Uasin-Gishu County. The study used questionnaires and interview schedules as the primary data collection tools.

The researcher employed purposive sampling technique on the management staff and stratified sampling technique to select the employees. The employees were stratified according to their departments. Random sampling was used to get a representative sample from the retailers, distributors and the wholesalers. The sample size consisted of 12 management staff, 48 employees and 93 Retailers/wholesalers/consumers.

The analysis used descriptive statistics (both qualitative and quantitative analysis) so as to achieve the objectives of the study. In this case, frequencies, percentages and means were used in the analysis of the data. Numerical values were assigned to responses (coding) in the questionnaires to represent measurement of variables.

Findings of the Study

The study found out that the consumer taste and preferences determines whether the product will be bought or it will remain at the market. This could be because consumers purchase products that suit their individual taste. Consequently, the preference of a consumer for a product significantly determines the purchase of a product. Different products will also give customers different tangible benefits or values and it's upon them to decide on the products to choose. As a result, consumer taste and preferences determine whether the product will be bought or it will remain at the market.

The study also found out that products of the company are good. This could be interpreted to mean that the products manufactured by the company are designed to suit the needs of the respondents. This could be both in terms of taste, satisfaction, beauty, quality, quantity or design which makes the products of the company more appealing to the retailers/wholesalers/consumers. This explains why they supported the statement that the products of the company are good, it was also revealed that retailers/wholesalers/consumers consume the products of the company regularly. This could be because the company produces the products that suits the tastes and preferences of the consumers and are keen to continue producing products that will constantly be suitable to the consumers. The company could have also made available the products in order for it to reach the consumers for regular consumption.

The finding also revealed that the marketing and sales tactics determine the success of a new product into the market. This could be interpreted to mean that it's through marketing research that an overall marketing plan designed to meet the needs and requirements of customers. A number of tactics are employed by the company to make sure that the marketing plan is effectively delivered and new products are able to sail into the market. Therefore marketing tactics clearly ensure the need of customers in the market and therefore results to success of a new product.

The study found out that the demand of the product in the market determines the purchase decisions of consumers. This could be because most products that are in demand have an extra value that makes them appealing than any other product in the market in terms of quality, quantity or even the taste. This therefore influences the decisions of the customers who will in turn make decisions to purchase a product that is highly demanded in the market. The study further revealed that retailers/wholesalers/consumers can afford to buy the products of the company. This could be because the company conducts a market survey to ensure that all products they introduce to the market are standard and affordable to its customers. Consequently, the company could also be producing cheap products to ensure that it is accepted and purchased at the market price. The products could be cheaper and of quality than those of the company's competitors.

Recommendations of the Study

- i. The study recommends that the organization should conduct an extensive market survey to determine the feelings of customers on a given product. Product testing survey should be a priority in ensuring that the right product is taken to the market. This will determine the influence of the purchasing decisions of another customer and hence improve in sales of product of the company thus improve the profits.
- ii. The organizations should do research on ways offering products to the market. This will prevent failure of products in the market and enhance the success of the product in the market. Hence during product development, the developers should be wary that product offering characteristics affect the success and failure of a product in the market
- iii. The marketing departments of the organizations should do marketing segmentation so as to be able to read the existing marketing structure. This will assist in success of new products in the market. Existing marketing structures at times hinder the success of new products in the market.
- iv. The study also recommended that the company should be availing its products on time so as to meet the consumption of the customers and other respondents said that the company ought to improve on the quantity of the products so as to satisfy their consumption

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