

THE EFFECT OF PRODUCT INNOVATION ON NEW PRODUCT ADOPTION

A CASE STUDY OF BRITANNIA INDUSTRIES

BY

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**A DISSERTATION SUBMITTED TO THE COLLEGE OF ECONOMICS
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DECLARATION

I Ramadhan Ahmed Hereby declare to the best of my knowledge that the work in this dissertation has never been submitted elsewhere for the award of any degree.

Signed by *Ramadhan Ahmed*

Ramadhan Ahmed

Date: *18/04/2014*

APPROVAL

This is to certify that this research has been carried out under my supervision as a University supervisor.

Sign.....

Miss Nakato Sarah

Date:

DEDICATION

This work is dedicated to my loving and caring parents, Seiko Ahmed and Chebet Sitina my sister Shadia, and most especially my lovely Aunt Hajjat Chebet Kulthum for her care, love, affection, parental guidance and spiritual support. May almighty God bless them.

I would like to acknowledge the almighty God for seeing me through my studies up to the end special thanks goes to my supervisor Mrs. Nakato Sarah who spared and dedicated time to impart his research skill and knowledge in me and most especially for her patience, without which would not have been able to complete this project work.

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ABSTRACT

The purpose of the study was to establish the relationship between innovation and product adoption at Britannia Industries. The study was guided by three specific objectives and these included; to establish the various product innovation strategies used by Britannia Industries, to establish the factors affecting new product adoption at Britannia industries and to establish the relationship between product innovation and new product adoption. The study applied both qualitative and quantitative procedures of data collection and analysis and a sample size of 70 respondents was used. The study employed in-depth interview guide and questionnaires in data collection. From the study, various product Innovation Strategies used by Britannia Industries Uganda Ltd 25(36%) of the respondents said that the company uses Use of company logos and trade marks,10(14%) of the respondents said that the company Use of company slogans while 35(50%) of the respondents said that the company Use of quality product standards. 50(71%) of the respondents said Yes while the minority 20(29%) of the respondents said No to the same question. On the Factors affecting new product adoption other than innovation, 65(93%) of the respondents said yes to the question whether there are factors affecting business performance other than innovation in Britannia Industries Uganda while the minority 5(7%) of the respondents said No to the same question. 12(17%) of the respondents mentioned relative advantage, 20(29%) of the respondents mentioned compatibility,30(43%) of the respondents mentioned complexity, 5(7%) of the respondents mentioned triability while 3(4%) mentioned observerbility. From the study findings, there is a strong negative relationship between innovation and new product adoption at regression $(r) = -0.702$ and at level of significance 0.05, this implies that the higher the poor office environment the lower the motivation of workers. The study concluded that From the findings of the study, the researcher feels that there should be improvement in respect of the following areas. In order to reap the full benefits of Innovation, strategic managers, marketing managers and other stake holders must assemble, discuss and understand Innovation strategies, disseminates commonly agreed procedures of publishing the importance and the need as people still lack awareness on the operation and accessibility of their products. Monitoring of performance of innovation this can be done by developing performance tool.

CHAPTER ONE

1.0 Introduction

This chapter presents the background of the study, the statement of the problem, study objectives, scope of the study, research questions and significance of the study

1.1 Background

Innovation has been a major theme of research in strategic management. Innovation has been called the lifeblood of an organization a driver of competitive advantage and a force to drive the economy. Innovation can take the shape of products, services, routines, processes and industries. Scholars and practitioners have long recognized that innovation - the ability to redeploy assets and meet continued customer demands - is an essential function of business. As a facilitator of new ideas and organizational change, innovation allows a firm to continue to grow and thrive within a competitive environment.

Although innovation is frequently connected to invention, the two concepts differ in scale and practice. Invention was a popular topic of study amongst early researchers describing the conditions under which new products created economic benefits. The study of how firms utilize new ideas to create economic benefits evolved into the broader term of innovation, used to capture the development of both tangible and intangible ideas. Scholars also began to differentiate between the two terms, with invention defined as bringing something into being and innovation defined as bringing something into new use (Anderson, et'al (2010),).

At this same time, marketers, sociologists, and communications scholars began to examine the flow of ideas (Bejou, et'al. (2009)). Differing from a strategy perspective, these fields sought the promotion and rapid diffusion of an innovation for economic and political motivations. As studies of innovation coalesced into one body of literature, theories primarily addressed ways to enhance the information flow due to their profound societal benefits (Tewksbury, et al., 1980). While these theories have been helpful, recent research has suggested a need for more rigorous analysis of an innovation before final adoption, since the extant view on innovation assumes that the product or service will be ultimately accepted

Today's modern concept of innovation grew out of the consumer packaged goods industry and the process of innovation has come to include much, much more than just creating a way to identify a product or company. Innovation today is used to create emotional attachment to products and companies. Innovation efforts create a feeling of involvement, a sense of higher quality, and an aura of intangible qualities that surround the brand name, mark, or symbol. **(Davis, Scott M. & Michael Dunn (2012)).**

Innovations create a perception in the mind of the customer that there is no other product or service on the market that is quite like yours. A brand promises to deliver value upon which consumers and prospective purchasers can rely to be consistent over long periods of time. It stands for the immediate image, emotions, or perceptions people experience when they think of a company or product since it represents all the tangible and intangible qualities and aspects of a product or service. **(Urde, Mats (2010)).**

The world has come full circle from selling to marketing and from seller's market to buyer's market. The customer today has the option to buy what he thinks he should and from whom, being in his or her best interest. Product development, technological improvement, cost optimization and excellent service facility are very important for any organisation but their importance is only if the customer appreciates them. Therefore, any business begins and ends with the customer **(Knox, Simon & David Bickerton (2009))**. Thus, service organizations such as Britannia Industries are shifting their focus from "transactional exchange" to "relational exchange" for developing mutually satisfying relationship with customers. Extended relationships are reported to have a significant impact on transaction cost and profitability, and customer lifetime value. Serving the customers, in true sense, is the need of the hour as the customer was, is and will remain the central focus of all organizational activities.

On October 21 1998, Britannia Industries Uganda launched commercial services in Uganda with its head office at Britannia Industries , just six months after acquiring and signing of the license. Britannia Industries has since grown to be the leading manufacturing Company in Uganda servicing in excess of 3,500,000 customers. Despite insufficient infrastructure (power, roads etc) Britannia Industries has covered in excess of 90% of the urban population, providing services in over 150 towns and villages and their immediate environments. Britannia Industries

has built a strong global innovation and is recognised for its leadership in manufacturing industry in emerging markets. (Logman, Marc, (2014).

The fundamental reason for companies aspiring to build relationships with customers is economic. For survival in the global market, focusing on the customer is becoming a key factor for companies big and small. Establishing and managing a good customer relationship is a strategic endeavor. It should be noted that companies use a variety of innovation methods when building customer service. This research proposal is therefore will consider to determine whether innovation improves new product adoption in manufacturing industry in Uganda (Kumar 2003).

1.2 Problem Statement

Britannia Industries carries out product innovation exercises on its various products but the market penetration innovation strategies, product growth and general development levels are still low. Britannia Industries Uganda still faces a problem of providing efficient communication and customer services to its big number of customers about the newly innovated product. By the end of 2013, the company had only attained 28% of the plan's objective which is too low as compared to the company's innovation plan expectations. It's upon this background that the researcher is interested in establishing the relationship between product innovation with Britannia Industries Company Ltd as the case study area.

1.3 Purpose of the study

The purpose of the study was to establish the relationship between innovation and product adoption at Britannia Industries.

1.5 Specific objectives

- i. To establish the various product innovation strategies used by Britannia Industries.
- ii. To establish the factors affecting new product adoption at Britannia industries.
- iii. To establish the relationship between product innovation and new product adoption.

1.5 Research Questions

- i). What are the various products innovation strategies used by Britannia?
- ii). What the factors affecting new product adoption at Britannia industries?

iii). What is the relationship between product innovation and new product innovation?

1.6 Scope of the study

1.6.1 Content scope

The study focused on the relationship between innovation and new product adoption

1.6.2 Geographical Scope

The study was carried out in Britannia industries, located in Ntinda industrial area among the selected outlets in the Kampala city centre-Uganda.

1.6.3 Time scope

The study covered a period of three month (3month) and considered product adoption records of Britannia industries between 2011-2015. This was so because the researcher expected to obtain enough data about the research topic.

1.7 Significances of the study

The study will benefit both the case study company and other players in the manufacturing industry

The study shall add knowledge to the existing literature about the relationship between innovation and new product adoption and development.

The study will benefit other scholars who wish to pursue further studies on innovation in relation to new product adoption and development

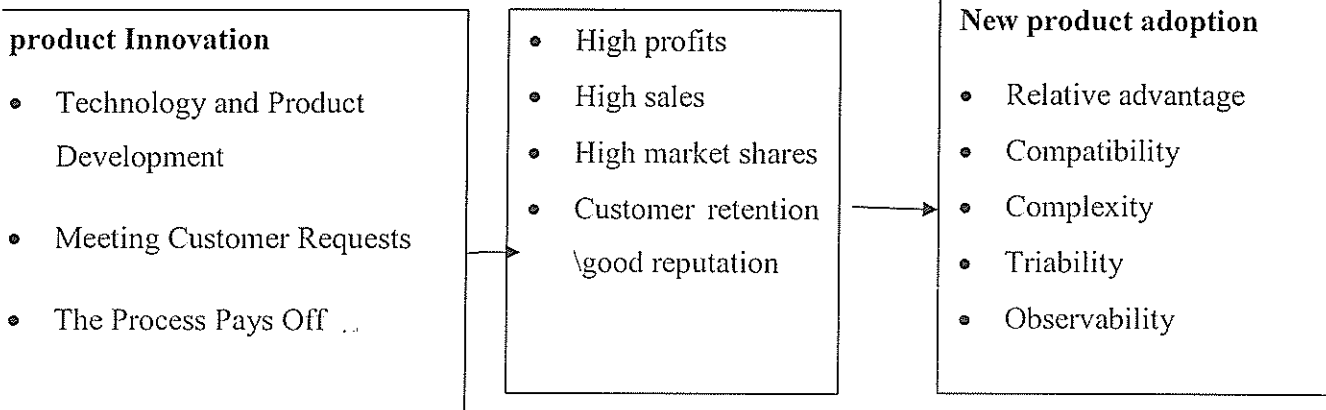
The results of the study will benefit policy makers for evolving realistic policies. The findings may identify the ways of improving innovation and other marketing strategies so as to improve on sales.

1.8 Conceptual frame work

Independent variable

Intervening variables

Dependent variable



Source: researcher self developed with the help of Knox, Simon & David Bickerton (2009)

The conceptual framework above indicates the significant relationship between the two variables determining the effects of the independent variable against the dependent variable. In this case the independent variable is the innovation which is researched to determine its significant relationship on the dependent variable which is in new product adoption.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.0 Introduction

This chapter presents related literature of the topic under study. It will explain the various views and works on organizational growth and development. The sources of literature include the primary data, secondary data and published data, among others.

2.1 The Various Product Innovation Strategies

Technology and Product Development

The first strategy for successful product innovation is establishing how technology development and product development will best work together in your organization. One way is to create separate but parallel tracks for the two processes. In the technology development track, companies explore alternative solutions for specific technological challenges. The resulting solutions nuggets of information are stored so they can be drawn upon later. In the product development track, the company creates new products, new product lines or enhanced products. The two tracks must interact, with product development engineers drawing from the advancements in the technology storehouse and technology developers learning about new challenges from the product developers. This interactive process enhances the time-to-market, cost effectiveness and performance of the products. **Caruana, & Berthon (2010)**.

Meeting Customer Requests

Companies realize innovations through a combination of market research, internal idea generation, customer requests and a variety of other factors. They also frequently discover innovative solutions by chance. Manufacturers typically maintain a balance between market- and customer-driven innovation efforts. Market research will identify broad market needs or specific market demand that will drive innovation, and resources will be devoted to support organizational goals for product and technology development. Customers bring specific problems to be solved sometimes without understanding what the problem is or realizing a solution is possible. Customer requests represent an external force driving innovation. Succeeding in customer-driven product innovation can be made easier if companies follow a set

of four best practices centering on clear and open communication between the parties. **Chen & Popovich, (2003).**

Prototype early and often. Developing early prototypes -- even for individual components -- enables developers to test and refine parts before moving too far down the product development path. Techniques can include virtual prototyping and virtual design analysis. Developers should test concepts and engage in continuous feasibility studies throughout a project to determine the potential for success or failure. Then, as development proceeds, opportunities exist to make adjustments without requiring major overhauls. Such early prototypes are often less expensive than complete systems and can be made more rapidly, decreasing costs and shortening development time.

In collaboration with the customer, it is wise to test those parts that present the highest risk or biggest challenges first. In doing so, companies and their customers are better able to determine if any barriers are insurmountable -- and would necessitate putting the brakes on a project -- prior to substantive investments in time, energy or dollars. Even if a project does not meet its initial goals, it can still be considered a success. The collaborative process strengthens customer-developer relationships and gives each party a better idea of the other's needs and capabilities, which can help facilitate the next project. **Bhote, (2011).**

The Process Pays Off

Manufacturers that implement best practices in customer-driven product development can reap unique benefits. Activities in this area generally represent lower investment and lower risk. Though anticipated returns are also lower, because the potential user base is smaller, these activities can be especially important with major customers to build a sense of responsiveness and develop brand equity. **Anderson, et al (2000),**

Further, because customers are involved, companies are tackling real, current problems. If the problem is solved, the customer normally will buy the solution, resulting in faster adoption rates of the technology and better financial returns. Customer-based activities also create a fertile environment for developing complementary ideas and enlarging a product portfolio. In addition, the process can strengthen customer-developer relationships and lead to future collaboration and

mutual successes. Following best practices in working with customers, while strategically approaching the relationship between technology development and product development, can help a company achieve success in product innovation. The effort is well worth it. A manufacturer known for innovation stands apart in the marketplace. Internally, product innovation offers companies a meaningful payoff as well the opportunity to celebrate success and the many team members

2.2 New product adoption

Relative advantage

According to **Weinzimmer,(2009)**, An innovation will be adopted more widely when it is considered superior to the alternative solution that it replaces. The relative advantage might be measured in economic terms (the new technology is cheaper than the old, or as expensive but more powerful) but it could also be a convenience factor (receiving email is faster than writing letters and going to the post) or a status aspect (“I need this product in order to look cool”). Relative advantage is important because a new product is rarely without alternative, whether it is using digital cameras rather than analogue ones, or watching video on demand rather than renting DVDs from a DVD shop. However, relative advantage is not enough to guarantee fast diffusion speed, and the market abounds of superior technologies that never made it to success, from the Dvorak keyboard to the Betamax or Video 2000 video recorder.

Compatibility

Compatibility measures whether the innovation is consistent with the set of norms, values and other cultural aspects or religious beliefs that predominate in the population. This also includes naming issues: a product wearing the wrong name or the wrong colours in a society that associate special meanings to these attributes has a low level of compatibility. **Doyle, Peter (2010)**

Complexity

Complexity is the level to which an innovation is seen as being complex to use in practice, maybe because its user interface is not intuitive, or it requires too many successive steps to be applied, like swallowing pills every hour ten times a day. This is an area where well-thought-out solutions bundling hardware and software like the iPod and the iTunes application can have a

real competitive advantage: each component is easy to use on its own and the components have been optimally designed to interact with each other. **Balmer, et'al (2003)**

Triability

Triability is the degree to which an innovation may be experimented with on a limited basis. It lowers barriers to entry for customers, especially the late majority. Triability can help convince those who are risk averse and would delay their usage of the technology because they are not sure whether it will satisfy their requirements or be superior to the previous practice. For instance, many telecom service providers provide new services for free in an initial launch phase, for example unlimited mobile TV access, to encourage their subscribers to use the service **Aaker,et'al. (2004)**.

Observability

Finally, innovations that have a lower degree of observability will spread more slowly than others, because observable innovations advertise for themselves. These could be innovations used in the home only rather than outside, or innovations that have been allocated more limited shelf space than other products. According to Rogers, "the five attributes of innovation have been found to explain about half of the variance in innovations' rate of adoption". The other half is influenced by:

2.3 Relationship between product innovation on new product adoption

The central concern of brand building literature experienced a dramatic shift in the last decade. Innovation and the role of innovation, as traditionally understood, were subject to constant review and redefinition. A traditional definition of a brand was: "the name, associated with one or more items in the product line, that is used to identify the source of character of the item(s)" **(Kotler 2009)**.

The American Marketing Association (AMA), definition of a brand is "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors" Within this view, as Keller (2003) says, "technically speaking, then, whenever a marketer creates a new name, logo, or symbol for a new product, he or she has created a brand" He recognizes, however, that innovation today are much more than that. As can be seen, according to these definitions innovation had a simple and clear function as identifiers **Balmer, et'al (2009)**

Before the shift in focus towards innovation and the brand building process, innovation were just another step in the whole process of marketing to sell products. “For a long time, the brand has been treated in an off-hand fashion as a part of the product. *Kotler (2009)* mentions innovation as “a major issue in product strategy” As the brand was only part of the product, the communication strategy worked towards exposing the brand and creating brand image.

Aaker and Joachimsthaler (2005) mention that within the traditional innovation model the goal was to build brand image; a tactical element that drives short-term results. Alongside (*Aaker, Jennifer I. (2007)*), Mentioned that “the brand is a sign -therefore external- whose function is to disclose the hidden qualities of the product which are inaccessible to contact” The brand served to identify a product and to distinguish it from the competition. “The challenge today is to create a strong and distinctive image” Concerning the brand management process as related to the function of a brand as an identifier, (*Aaker, David A. (2004)*)

Aaker and Joachimsthaler (2005) discuss the traditional innovation model where a brand management team was responsible for creating and coordinating the brand’s management program. In this situation, the brand manager was not high in the company’s hierarchy; his focus was the short-term financial results of single innovation and single products in single markets. The basic objective was the coordination with the manufacturing and sales departments in order to solve any problem concerning sales and market share. With this strategy the responsibility of the brand was solely the concern of the marketing department in the enhancement or organizational growth. (*Davis and Dunn 2002*). In general, most companies thought that focusing on the latest and greatest advertising campaign meant focusing on the brand The model itself was tactical and reactive rather than strategic and visionary. (*Aaker and Joachimsthaler 2000*). The brand was always referred to as a series of tactics and never like strategy.

Customer satisfaction

In order to satisfy customers the bank introduced technology in banking which became obvious in developed countries that had involved IT in its banking operations managed to reduce their costs of operations (Daily Graphic, 2008). Bank of Africa gradually introduced technology into its operations in the late 1980s to enhance their operations and to help clients enjoy their services with much convenience. Various researches have indicated that technology influences banking in

a positive way in terms of productivity, cashiers' work, banking transactions, bank patronage, bank services delivery, customers' services and bank services, other factors that customers are looking for in a high customer service can be divided into two broad groups as tangible and intangible factors. The tangible factors may concern performance, quality, reliability, cost of services and convenience. The intangible factors may be reputation, sense of caring, courtesy willingness to help, problem solving ability of staff, etc. The tangible and the intangible factors primarily drive home the point about customer's perception about how he/she is being treated by a bank.

Customer retention

In relation to accordance with the customer retention the bank decided to introduce service interaction Interactions between customers and employees are a decisive component of service quality (Berry, 2009). This is principally factual for services exemplified by a high degree of person-to-person interaction and by the absence of an exchange of tangible goods. The client comes away from service interaction with feelings of contentment or annoyance. Service encounter is an interpersonal association between the firm's staff and customers (**Potluri & Mangnale, 2011**). Research has indicated that service quality has been increasingly recognized as a critical factor in the success of any business (Parasuraman et al., 2009), and the banking industry in this case is not exceptional (Hossain & Leo, 2009). Increase customer access to funds by expanding ATM networks and improving online banking offerings as means of retaining customers.

Profitability

Business managers can implement a customer satisfaction program, beginning with measuring and addressing employee attitudes and job satisfaction to increase customer retention and improve business profitability. Maximizing customer satisfaction makes an important contribution to maximizing profitability, although other factors such as cost control, productivity and marketing strategy also impact the bottom line. By maximizing customer satisfaction, you can increase the opportunity for repeat sales to customers, while reducing the cost of sales and marketing. Customer satisfaction helps to increase customer loyalty, reducing the need to allocate marketing budget to acquire new customers. Satisfied customers may also recommend your products or services to other potential customers, increasing the potential for additional revenue and profit (**Thomas, 2001**).

Attitude

According to Winston Churchill, “attitude is a little thing that makes a big difference.” Projecting the right attitude when delivering exceptional customer service makes a big difference. When I do business with someone, I am going to remember that company by how well I was treated, how the people who served the company treated me, and how well the company fulfilled my needs or my wishes. My initial impression most likely will be affected by the friendliness and kindness of the customer service agent; whether it is my first experience on the phone, by email, or in person. When I call another realtor to set up an appointment to see one of their listings, I always begin with “How are you today?” Immediately I can sense a relaxed attitude. It just makes people nicer when we are nice. Follow up the friendly greeting with an enthusiastic attitude about your position, your job, or the service you are offering. For instance, I’m excited when I shop to buy new shoes. I like it when the salesperson shows that same attitude of enthusiasm as she helps me to choose the perfect pair. (Balmer, John M.T. & Stephen A. Greyser (eds.) (2003))

Then there is the attitude of respect that shows customers how we appreciate their business and how we are willing to do everything we can to make their experience the best we can offer. That attitude of respect is what wins us a customer’s loyalty. For those customers who need to be thrifty and for those clients who have the economics to be frivolous, our attitude of respect for all customers can make a difference. When we use the attitude that we genuinely care about others, even if they cannot afford the most expensive product our company offers, we build up trust and appreciation. Today when I scheduled new Internet, phone, and television service, the customer service agent started with the most expensive package Comcast offered. I wanted something more economical, so we amicably worked our way to my more specific needs return (Johnson et al., 2005).

Competition

In all industries, competition among businesses has long been encouraged as a mechanism to increase value for customers. In other words, competition ensures the provision of better products and services to satisfy the needs of customers. Various perspectives of competition, the nature of service quality, health-care system costs and customer satisfaction in health care are examined. A model of the relationship among these variables is developed. The model depicts

customer satisfaction as an outcome measure directly dependent on competition. Quality of care and health-care system costs, while also directly dependent on competition, are considered as determinants of customer satisfaction as well. The model is discussed in the light of propositions for empirical research. (Clemmar, 2004)

Customer loyalty

Research into customer loyalty has focused primarily on product and brand loyalty. The loyalty to service has remained under exposed. It has been demonstrated that loyalty is more prevalent among service customers than among customers of tangible products. In the service content, intangible attributes such as reliability and confidence may play a major role in building and maintaining loyalty. Customer satisfaction leads to customer loyalty. A high level of satisfaction with the service provided leads to repeat purchases and growth of market share. Satisfied customers buy more and more often and further confirm this in their assessment that “one way to achieve strong relationships”.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter describes how the research was done. It covered the research design, instrument or tools used during the study, data processing, sample size and selection procedures, data collection procedures, data analysis, the study population and the limitations of the study.

3.1 Research Design

The researcher applied both qualitative and quantitative procedures of data collection and analysis. Quantitative methods provided data for statistical purposes while qualitative methods provided data in detail through critical analysis of the information provided by the respondents among other sources. This was because the researcher wanted to ensure both exhaustiveness and standardization of the data that was collected.

3.2 Study Population

The study was conducted at Britannia Industries -Kampala Uganda. The population of the study was made up of management, staff and the clients of Success of Britannia Industries -Kampala Uganda and it totaled up to 85 people.

3.3 Sampling Design, procedure and size

3.3.1 Sampling Design

In order for the researcher to have a positive and convenient data from the respondents of the area of study, the researcher used the probability method of simple random sampling and this helped the researcher get the right information from the staff members of Company Ltd

3.3.2 Sampling Procedure

The study applied both stratified and simple random sampling procedures.

Simple random sampling technique was applied by randomly distributing the research questionnaire to various categories of employees in various departments and offices of the company.

Stratified sampling technique was used to organize the various selected departments and offices of the company (Britannia Industries Company Ltd). This enabled the researcher to get a cross section of the targeted population hence giving equal chances to all selected departments to participate equally and get the right and accurate response on the effects of product innovation on organizational growth and development with a particular reference to Britannia Industries Ltd as a case study area.

3.3.3 Sampling size

The study used a sample size of 70 respondents as determined by the Krejcie and Morgan table of 1970 on sample size determination. The sample included the management, staff and clients. To arrive at the sample size, the researcher used random sampling method. With this method, the researcher randomly selected 3 management executives, 10 staff members and 57 clients of Britannia Industries-Uganda Company limited. The study therefore used total of 70 respondents. The researcher used simple purposive sampling method because it gave an equal opportunity to all members of finite population which was used in the sample. This sample size was effective and a good representative of the population, convenient to the researcher in terms of funds, time and others.

3.4 Data collection Sources

3.4.1 Primary data

This researcher majorly used the questionnaire method for collecting primary data where both open and closed ended questions were provided so as to exhaust respondents information about the topic under study.

3.4.2 Secondary data

The researcher made use of the available secondary data especially from personnel and record departments of the institutions, text books, journals, news papers, library, internet, among other sources so as to ensure critical evidence and areas of reference.

3.5 Data collection Methods

The researcher was guided by the use of the questionnaire, observations and interviews, in collecting data during the study.

3.5.1 Questionnaire

A questionnaire was an instrumental tool the researcher used during the study. Here questionnaires consisting of both open ended and closed questions were issued to the different respondents throughout the company. These questionnaires were later collected and returned back by the researcher for data processing and analysis.

3.5.2 Observation

Observations were carried out to prove whether the information provided by the respondents was true or false.

3.6 Data Processing and Analysis

3.6.1 Data processing

Collected data was edited, coded, tabulated and calculated into percentages for analysis.

3.6.2 Data Editing

This was done to ensure that the information from respondents was accurate and consistent. It was conducted after every interview with respondents. Obvious errors and omissions in schedule were checked immediately.

3.6.4 Data Tabulation

This was done basically with illustratively writing interpretation and analysis. This involved the use of frequency distribution tables which made it easy to understand and also for comparison purposes.

3.6.5 Data analysis

After collecting primary data, the researcher edited the information in the questionnaires. The collected data was summarized in tables with the aid of frequencies and percentages in response to questionnaires. Additions and deductions was also be made from the necessary materials in form of secondary data used in the analysis in a manner that yielded answers to the research questions.

3.7 Limitations of the study

The researcher experienced some problems during the study, but later certain solutions were provided and the study was able to proceed.

The time allocated for the research was not enough as it involved collection of data, editing, coding, analyzing, and final presentation of the report among others. The researcher however overcame this by sticking on the set work plan.

There was a challenge of a language problem since not all the respondents were well conversed with English which was the only neutral communication language by the researcher for communication since he did not understand all their mother tongue languages. This was however overcome by using various translators who translated the questionnaire to the illiterate respondents using their best understood mother languages.

The researcher found it hard to deal with some respondents who did not want to disclose information voluntarily. They suspected the researcher to be a spy of their confidential organizational information hence creating a worry among them. This was overcome by showing the respondents the researcher's student's identity card and a letter of introduction from the University

Uncooperativeness of the respondents; these became a factor affecting the data collection process since some of them did not fill the questionnaires. This made the researcher visit the respondents himself to ensure that they fully filled the questionnaire and monitor the whole process so as to obtain actual results of the study.

Suspiciousness of the respondents on the researcher's research also became a limitation since they were worried of their confidential information which exposed to the researcher. The researcher overcome this by explaining fully the intentions of the research to the respondents as being an academic research before collecting data.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter analyses the information got from the field. It shows the general information and the answers of research questions. The findings represented and analyzed in this chapter were from primary sources of data. The findings are discussed in line with the research objectives. The presentation necessitated the use of tables, frequencies, percentages, and graphs to help in drawing meaningful conclusions. Where this was not easy data was presented descriptively.

4.1 Demographic characteristics of the respondents.

4.1.1 Sex of the respondents

The table below shows the sex of the respondents.

Table 4. 1: Gender of the respondents

Gender	Frequency	Percent
Female	25	36
Male	45	64
Total	70	100

Source: Primary data

The table above indicates that majority of respondents (64%) were males while minorities (36%) were females. This implies that the study involved more males than females. The high percentage of male respondents was attributed to the fact that male domination still persists in most African countries and Uganda is not an exemption.

4.1.2 Marital status of the respondents

Marital status of the respondents was another interest of the researcher in the sense that it explains the extent of one's responsibility, therefore it was investigated and the following table shows the response.

Table 4. 2 Marital status of the respondents

Marital status	Frequency	Percent
Married	50	71
Single	20	29
Total	70	100

Source: primary data

Table above 2 shows the marital status of the respondents who participated in the study. Total of 70 participants, 71% of the participants were married and 29% of the respondents were single. This implies that most of the respondents in the study were married who have gotten assumptions, it's a sign of respect in whatsoever they do and during our assignment showed high degree of ownership.

4.1.3 Age structure of the respondents

It was also found necessary to establish the age groups of the respondents since it could explain the perspective in which product innovation is viewed.

Table 4.3: Age of the respondents

Age	Frequency	Percent
Below 20	12	17
21-35	20	29
36-45	30	43
46-55	5	7
56 and above	3	4
Total	70	100

Source: primary data

In accordance with the table above, a total of 70 respondents, 12(17%) of the participants were below the age group of 20 years, 20(29%) of the participants belonged in the age group of 21-35, 30(50%) of the participants followed in the age group of 36-45%, 5(7%) of the respondents were between the age group of 46-55 years while the minority 3(4%) of the respondents were between 56 and above years. This distribution of respondents by age is an indication that most of the respondents are mostly of young adult age, independent and productive and this explains the reason as to why the number of respondents was decreasing with the increasing age.

Table 4.4: Education level of the respondents

Education level	Frequency	Percent
Certificate	5	7
Diploma	15	21
Degree	30	43
Masters	20	29
Total	70	100

Source: Primary data

The table above shows education levels of respondents who participated in the study. Total 70 participants, 43% of the respondents were degree holders, 21% of the respondents were diploma grandaunts, 29% of the participants were master's graduate, and 7% of the participants were high certificate holders. This research finding shows that most of the respondents were educated and knowledgeable. Therefore they can read and understand the questionnaire. This means that they were in position to self administer the questionnaires.

4.2 product Innovation Strategies

Table 4.5 shows whether Britannia industries Ltd carry out product innovation strategies

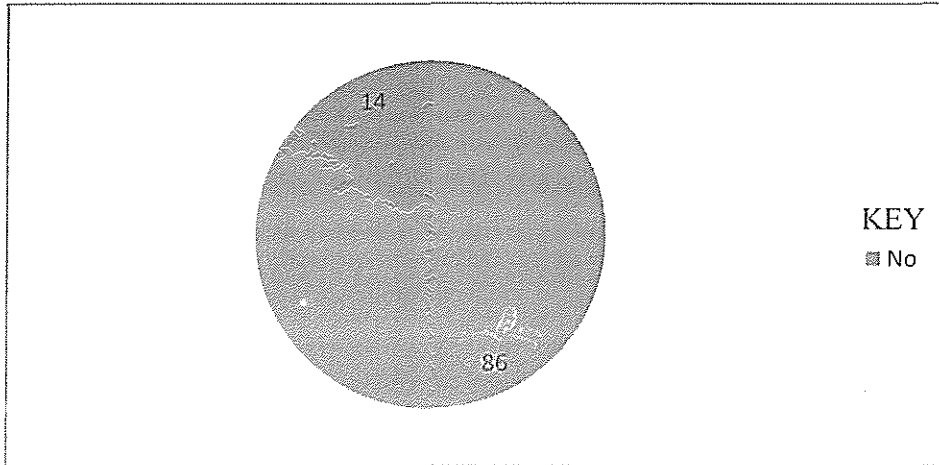
Response	Frequency	Percentage
Yes	60	86
No	10	14
Total	70	100

Source: Primary data

Table 4.5 above shows that majority 60(86%) of the respondents yes to the question whether Britannia industries Ltd carry out product innovation strategies while the minority 10(14%) said No the same question.

The above information can be illustrated in the figure 1 below;

Figure 1 shows whether Britannia industries Ltd carry out product innovation strategies



Source: primary data 2015

Table 6 shows the various product innovation strategies used in Britannia Industries Ltd

Response	Frequency	Percentage
Use of company logos and trade marks	25	36
Use of company slogans	10	14
Use of quality product standards	35	50
Total	70	100

Source: primary Data 2015

Findings from the table above shows that respondents gave their views on the various product innovation strategies used in Britannia Industries Ltd 25(36%) of the respondents said that the company uses Use of company logos and trade marks,10(14%) of the respondents said that the company Use of company slogans while 35(50%) of the respondents said that the company Use of quality product standards. From the above findings, it can be siad that the Britannia industries uses quality product standardsas a product innovation strategy as this can be evidenced by majority 35(50%) of the total respondents.

Table 7 shows whether product innovation strategies are effective to the company's growth and development

Response	Frequency	Percentage
Yes	50	71
No	20	29
Total	70	100

Source: field survey 2015

Findings from table 7 above shows that when respondents asked about whether product innovation strategies are effective to the company's growth and development, majority 50(71%) of the respondents said Yes while the minority 20(29%) of the respondents said No to the same question. This therefore means that the product innovation strategies are effective to the Britannia company growth and development.

Table 8 shows how effective are the above product innovation strategies to the growth and development of Britannia Industries Ltd

Response	Frequency	Percentage
Very efficient	30	43
Efficient	25	36
Less efficient	10	14
Very inefficient	5	7
Total	70	100

Source: field survey 2015

Findings from the table above shows that majority 30(43%) of the respondents said that product innovation strategies are very efficient to the growth and development of Britannia Industries Ltd, 25(36%) of the respondents said they efficient, 20(14%) of the respondents said less efficient while the minority 5(7%) of the respondents said very inefficient. This therefore means that the product innovation strategies used by Britannia company limited are very efficient as this was evidenced by majority 30(43%) of the respondents.

4.3 new product adoption

Here, respondents were asked the factors affecting new product adoption; their responses were analyzed and tabulated the tables below;

Table 4.8 shows whether there are factors affecting business performance other than innovation in Britannia Industries Uganda

Response	Frequency	percentage
Yes	65	93
No	5	7
Total	70	100

Findings from the table above shows that majority 65(93%) of the respondents said yes to the question whether there are factors affecting business performance other than innovation in Britannia Industries Uganda while the minority 5(7%) of the respondents said No to the same question.

Table 4.9 shows factors that are affecting new product adoption other than innovation in Britannia Industries

Response	Frequency	Percentage
Relative advantage	12	17
Compatibility	20	29
Complexity	30	43
Triability	5	7
Observability	3	4
Total	70	100

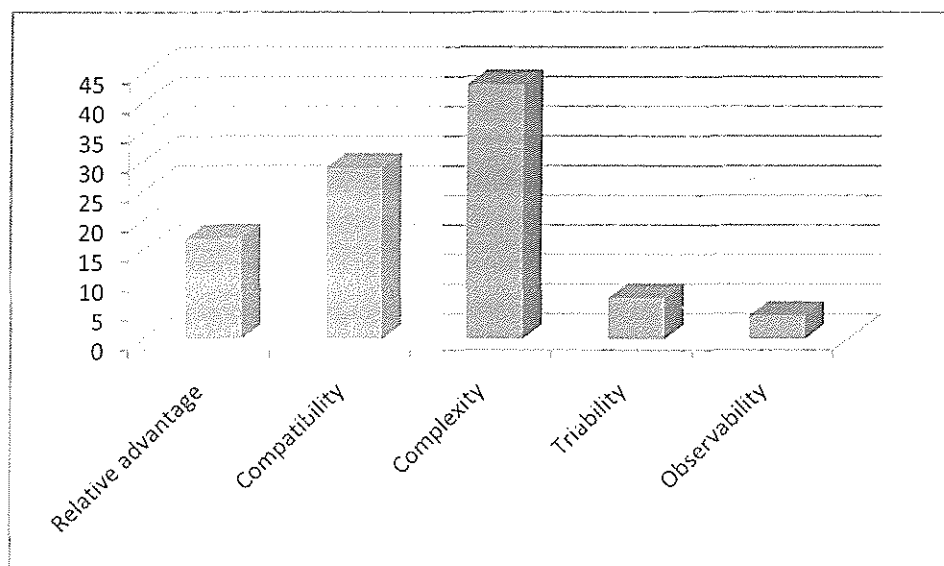
Source: field survey

Findings from the table above shows that when respondents asked about the factors that are affecting new product adoption other than innovation in Britannia Industries 12(17%) of the respondents mentioned relative advantage, 20(29%) of the respondents mentioned compatibility,30(43%) of the respondents mentioned complexity, 5(7%) of the respondents mentioned triability while 3(4%) mentioned observability. This therefore implies that

complexity is the leading factor affecting new product innovation at Britannia industries limited and this is witnessed by majority 30(43%) of the respondents.

The above information can be illustrated in the bar graph below;

Figure 2. Shows factors that are affecting new product adoption other than innovation in Britannia Industries



Source: primary data 2015

Table 4.10 shows the duration these factors been affecting Britannia Industries

Response	Frequency	Percentage
5 years	20	29
3 years	12	17
1 year	5	7
6 months	30	43
3 months	3	4
Total	70	100

Source: field survey

Findings from the table above shows that 20(29%) of the respondents said that product innovation factors have been affecting Britannia industries for about 5 years, 12(17%) of the respondents mentioned 3 years, 5(7%) of the respondents mentioned 1 year , 30(43%) of the respondents mentioned 6 months while 3(4%) of the respondents mentioned 3 months. From the above findings, it can be said the Britannia industries has been affected with the factors affecting product innovation for a period of 6 months as this was witnessed by majority 30(43%)of the respondents.

4.4 Relationship between Innovation and new product adoption in Britannia Industries Ltd Uganda

Here respondents were asked to give the relationship between Innovation and business performance in Britannia Industries Ltd Uganda; their findings were analysed and tabulated in the tables below;

Tables 4.11 show whether there is a relationship between products innovation and business performance in Britannia Industries Ltd

Response	Frequency	percentage
Yes	45	64
No	25	36
Total	70	100

Source: field survey 2015

Findings from the table above shows that 45(64%) of the respondents said yes to the question whether there is a relationship between products innovation and business performance in Britannia Industries Ltd while 25(36%) of the respondents said No to the same question.

Table 4.12 shows the proper relationship between product innovation and business performance to the organizational growth and development in Britannia Industries Ltd

Response	Frequency	percentage
Increased productivity	10	14
Facilitates customer brand loyalty	20	29
Eases brand identification	10	14
Eases product transportation	5	7
They lead to increased productivity	25	36
Total	70	100

Source: field survey 2015

Findings from the table above shows that 10(14%) of the respondents mentioned Increased productivity and Eases brand identification respectively as a relationship between product innovation and new product adoption, 20(29%) said that it Facilitates customer brand loyalty,10(14%) Of the respondents said eases brand identification,5(7%) said eases product transportation, while 25(36%) of the respondents said they lead to product productivity.

Table 4.13 Showing Pearson Correlation between Innovation and new product adoption
Correlations

		Innovation	New product adoption
Innovation	Pearson Correlation	1.000	.702**
	Sig. (2-tailed)	.	.000
	N	60	60
New product adoption	Pearson Correlation	-.702**	1.000
	Sig. (2-tailed)	.000	.
	N	60	60

** Correlation is significant at the 0.05 level (2-tailed).

Using the rating level of;

0 to $-+0.3$ = Weak Relationship

$-+0.4$ to $-+0.6$ = Moderate/ Average Relationship

$-+0.7$ to $-+0.9$ = Strong Relationship

Table 4.13 indicates that there is a strong negative relationship between innovation and at new product adoption at a regression (r) = -0.702 and at level of significance 0.05, this implies that the higher the innovation strategies the higher the new product adoption.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter summarizes the findings reported in chapter four according to questions of the study, draws conclusions, suggests recommendations and also proposes some areas for further study.

5.1.0 Summary of Findings

5.1.1 Respondents' Personal Profile

The study comprises of 70 respondents of whom 64 percent were male and 36 percent were female. Their level of education included 43% of the respondents were degree holders, 21% of the respondents were diploma grandaunts, 29% of the participants were master's graduate, and 7% of the participants were high certificate holders. Of the 70 respondents, 71% of the participants were married and 29% of the respondents were single, 14% of the participants belonged in the age group of under 20years, 29% of the participants belonged in the age group of 21-30, 50% of the participants followed in the age group of 31-40%, 4% participants belonged in the age group of 41-50 and 3% of the participants followed in the age group of 50+.

(i)The various product Innovation Strategies used by Britannia Industries Uganda Ltd

The study found out that various product innovation strategies used in Britannia Industries Ltd 25(36%) of the respondents said that the company uses Use of company logos and trade marks,10(14%) of the respondents said that the company Use of company slogans while 35(50%) of the respondents said that the company Use of quality product standards.

The study found out that majority 60(86%) of the respondents yes to the question whether Britannia industries Ltd carry out product innovation strategies while the minority 10(14%) said No the same question.

The study also found out that that when respondents asked about whether product innovation strategies are effective to the company's growth and development, majority 50(71%) of the

respondents said Yes while the minority 20(29%) of the respondents said No to the same question.

(ii) Factors affecting new product adoption other than innovation

The study revealed that majority 65(93%) of the respondents said yes to the question whether there are factors affecting business performance other than innovation in Britannia Industries Uganda while the minority 5(7%) of the respondents said No to the same question.

The study showed that when respondents asked about the factors that are affecting new product adoption other than innovation in Britannia Industries 12(17%) of the respondents mentioned relative advantage, 20(29%) of the respondents mentioned compatibility, 30(43%) of the respondents mentioned complexity, 5(7%) of the respondents mentioned triability while 3(4%) mentioned observability. This therefore implies that complexity is the leading factor affecting new product innovation at Britannia industries limited and this is witnessed by majority 30(43%) of the respondents.

Findings from the table above shows that 20(29%) Of the respondents said that product innovation factors have been affecting Britannia industries for about 5 years, 12(17%) of the respondents mentioned 3 years, 5(7%) of the respondents mentioned 1 year , 30(43%) of the respondents mentioned 6 months while 3(4%) of the respondents mentioned 3 months. From the above findings, it can be said the Britannia industries has been affected with the factors affecting product innovation for a period of 6 months as this was witnessed by majority 30(43%)of the respondents.

(iii) Relationship between innovation and new product adoption

It was found out that there is strong negative relationship between innovation and at new product adoption at a regression $(r) = -0.702$ and at level of significance 0.05, this implies that the higher the innovation strategies the higher the new product adoption

5.2 Conclusion

On the various product Innovation Strategies used by Britannia Industries Uganda Ltd 25(36%) of the respondents said that the company uses Use of company logos and trade marks,10(14%) of the respondents said that the company Use of company slogans while 35(50%) of the respondents said that the company Use of quality product standards. 50(71%) of the respondents said Yes while the minority 20(29%) of the respondents said No to the same question

On the Factors affecting new product adoption other than innovation, 65(93%) of the respondents said yes to the question whether there are factors affecting business performance other than innovation in Britannia Industries Uganda while the minority 5(7%) of the respondents said No to the same question. 12(17%) of the respondents mentioned relative advantage, 20(29%) of the respondents mentioned compatibility,30(43%) of the respondents mentioned complexity, 5(7%) of the respondents mentioned triability while 3(4%) mentioned observability.

From the study findings, there is a strong negative relationship between innovation and new product adoption at regression $(r) = -0.702$ and at level of significance 0.05, this implies that the higher the poor office environment the lower the motivation of workers.

5.3 Recommendations of the Study

From the findings of the study, the researcher feels that there should be improvement in respect of the following areas.

In order to reap the full benefits of Innovation, strategic managers, marketing managers and other stake holders must assemble, discuss and understand Innovation strategies, disseminates commonly agreed procedures of publishing the importance and the need as people still lack awareness on the operation and accessibility of their products.

In light with their coverage and scope of operation, there is need to design a programme of multi diversity. That should go deep up to the rural population since sales volume can be increased first by focusing on them who form the greatest percentage of clients.

Monitoring of performance of innovation this can be done by developing performance tool.

5.4. Areas of further study.

Further studies to be conducted on innovation strategies.

A study to be conducted why sometimes there is low sales despite of the available innovation strategies made by the company.

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RESEARCH QUESTIONNAIRE

Dear Respondent,

My name is Ramadhan Ahmed student of Kampala International University pursuing a Bachelors Degree in Business Administration and in my final year.

I am conducting an academic study report on the topic; "The Effect of Product Innovation on New Product Adoption." a Case Study of Britannia Industries Ltd This is in partial fulfillment of the requirements for the award of a Bachelors Degree in Business Administration of Kampala International University.

You have been therefore selected to help in this research.

The information given shall be treated with total confidentiality. Your response will highly be appreciated.

SECTION A: Bio Data

Name (Optional).....

1 Gender

Female Male

2. Age

Below 20 years

21-35

36-45

46-55

56 and above

2. Gender:

Male

Female

3. Material status:

Married

Single

4 Education Level:

Certificate

Diploma

Bachelor

SECTION B: To find out the various product Innovation Strategies used by Britannia Industries Uganda Ltd

i) Does Britannia industries Ltd carry out product innovation strategies?

Yes No

ii) What are the various product innovation strategies used in Britannia Industries Ltd?

a) use of company logos and trade marks

b) Use of company slogans

c) use of quality product standards

d) All the above

e) Others (Specify).....

.....

.....

iii) Are the above product innovation strategies effective to the company's growth and development?

Yes No

iv) How effective are the above product innovation strategies to the growth and development of Britannia Industries Ltd?

- a) very efficient
- b) efficient
- c) less efficient
- d) very inefficient
- e) Others (Specify).....

SECTION C: To find out the factors affecting new product adoption other than innovation

i) Is there factors affecting business performance other than innovation in Britannia Industries Uganda?

Yes No

ii) If Yes in C (i) above, what are those factors that are affecting new product adoption other than innovation in Britannia Industries Uganda?

.....
.....
.....
.....
.....

iii) For how long does this factors been affecting Britannia Industries Ltd other than innovation?

- a) 5 years
- b) 3 years
- c) 1 year
- d) 6 months
- e) Others (Specify).....

iv) In your own opinion, what are the most appropriate factors that are likely to affect Britannia Industries Ltd Uganda?

.....
.....
.....
.....

SECTION D: To Determine the relationship between Innovation and new product adoption in Britannia Industries Ltd Uganda

i) In your own opinion, do you think there is a relationship between products innovation and business performance in Britannia Industries Ltd?

Yes No

ii) If Yes in D (i) above, state how these relationships influence the company's growth and development patterns?

.....
.....
.....
.....

iii) What are the proper relationship between product innovation and business performance to the organizational growth and development in Britannia Industries Ltd?

- a) They lead to increased productivity
- b) Facilitates customer brand loyalty
- c) Eases brand identification
- d) Eases product transportation
- e) Others (Specify).....

.....
.....

iv) In your own opinion, what is your general comment about the relationship between product innovation and business performance in Britannia Industries Ltd?

.....
.....
.....
.....

Thank you!

PROPOSED RESEARCH BUDGET

NO	ITEMS	QUANTITY	UNIT COST /=	TOTAL COST
01	Photocopying papers	1 ream	12,000/=	12,000/=
02	Printing questionnaires	80 copies	300/=	24,000/=
03	Typing questionnaire	1 copy	500/=	18,000/=
04	Binding of the research	3copies	5,000/=	15,000/=
05.	Binding of proposal.	3copies	5,000/=	15,000/=
06.	Rulers	1	500/=	50/=
07.	Pens	3	500/=	1,500/=
08.	Pencil.	2	200/=	400/=
09.	Transport and Communication		1,500/= @day	15,000/=
10.	Internet Services	5hrs	1000/= @hrs	5,000/=
11.	Hand Watch	1	5,000/=	5,000/=
12.	Calculator	1	5,000/=	5,000/=
	TOTAL			100,900/=

A PROPOSED WORK PLAN AND SCHEDULE OF ACTIVITIES

No	Time schedules	Activities	Responsible Persons.
1	January, 2015	Proposal writing and development	Author and Supervisor
2	February, 2015	Proposal approval	Supervisor
3	March, 2015	Preparation of data collecting tools	Author
4	April, 2015	Pre-testing the tool	Author
5	May, 2015	Seeking for letter from the University & relevant company authorities	Author
6	June, 2015	Data collection	Author
7	July, 2015	Data analysis and presentation	Author
8	August, 2015	Dissemination of result and research report approval	Author and Supervisor