

UNIVERSITY OF CAPE COAST

EFFECT OF PRODUCT INNOVATION AS A STRATEGY ON SALES  
PERFORMANCE AT GUINNESS GHANA LIMITED

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ON SALES PERFORMANCE AT GUINNESS GHANA LIMITED

BY

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## DECLARATION

### Candidate's Declaration

I hereby declare that this submission is my own work for the award of MBA and that, to the best of knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

Candidate's Signature..... Date.....

Name: Godfred Tettey -Zevor

### Supervisor's Declaration

I hereby declare that, the preparation and presentation of this dissertation was supervised in accordance with the guidelines on supervision on dissertation laid down by the University of Cape Coast.

Supervisor's Signature ..... Date.....

Name: Dr. Andrews Agya Yalley

## ABSTRACT

There is the need for strategic managers to have a better comprehension of how firms benefit from new product innovation so as to be able to overcome its competitors. It is against this backdrop that this study sought to examine the effect of product innovation as a strategy on sales performance. Purposive sampling and stratified random sampling methods were used to select 250 staff members of Guinness Ghana Limited (GGL). Questionnaire was key instrument for the primary data used in the study and was analysed with the aid of SPSS version 20. The study found that Guinness Ghana Limited has implemented two strategies; new products and packaging innovation that have increased customers level of satisfaction and retention. Adopted strategies of product innovation is viewed to be very effective and that, the right amount of resources is employed. There was a strong positive and significant correlation between successful product innovation and sales performance. In ensuring that GGL improves its sales, GGL should ensure availability of their products at all times. Moreover, GGL should ensure right pricing of products and products visibility and also localize adverts to suit customers. In addition, GGL should improve on sales materials and engage in promotional activities that are directed towards product value.

**KEY WORDS**

Competition

Product Innovation

Sales Performance

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## DEDICATION

To my siblings, friends and my entire family.

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## LIST OF ACRONYMS

GGL	-	Guinness Ghana Limited
GH	-	Ghana
Ltd	-	Limited
NPD	-	New Product Development
PLC	-	Product Life Cycle
R and D	-	Research and Development
RBV	-	Resource Based View

## CHAPTER ONE

### INTRODUCTION

The significance of new product innovation as a tool in remaining competitive can not be overemphasized. In the view of Nagasimha (2015), innovation leads to a process of change in organisations and its market offerings, and is a key weapon that marketing strategists use to win customers. This seems to explain why product innovation in recent times has become a centre stage in both big and small business. Available literature seems to suggest that little attention has been given to assess the possible effect of product innovation as a strategy on sales performance of many firms . It has therefore become necessary to undertake this study in order to critically examine the effect of product innovation as a strategy on sales performance by way of taking empirical evidence from Guinness Ghana limited. The key implication of this study is to help managers adopt best practices that would enable them boost sales performance through product innovation. This study draws on other researches conducted in the field of innovation. The main theoretical premise behind this study is that of Diffusion of Innovation (DOI) theory whereas the concept of product innovation and sales performance were also considered. The section covers: the background, statement of the problem, purpose, research questions, significance, delimitation and limitations of the study as well as the organisation of the study.

## **Background to the Study**

Advancements in globalization and technology is making the world becoming smaller every day. Every day, the dawn comes with a new innovation and some new technology taking us all one step ahead into the digital world. This implies that we are living in times where every organisation has to hold strong grounds in today's extremely competitive era by introducing innovative products to their portfolios (Yadav, 2018). Innovativeness is one of the vital tools of development strategies to enter new markets (Boachie-Mensah & Acquah, 2015). This has been articulated by Boachie-Mensah and Acquah to the cause of increase in existing market share and companies' quest to achieve a competitive edge. Products innovation in the view of Cherroun (2014) refers to the development of new products, changes in design of established products, or use of new materials or components in the manufacture of established products.

Boachie-Mensah and Acquah (2015) noted that, due to heightening competition in the global markets, companies have begun to understand the relevance of innovation since improving technology and increasing competition among firms is rapidly eroding existing products and services and replacing them with entirely new or improved ones. Thus, innovation constitute an indispensable component of corporate strategies for reasons such as; to apply more productive manufacturing processes, to perform better in the market, to seek positive reputation in the customers' perception and as a result to gain sustainable competitive advantage.

Product innovation is a major contributor to ensuring the long-term performance of companies, failure of new products in the markets continues to increase especially in the presence of competition (Protogerou, Caloghirou & Vonortas, 2017).

Löfsten (2014) revealed that, product innovation success is a significant contributor to long-term sales, financial and marketing performance of firms. It is in this same vein that, McDonald and Wilson (2016) identified product innovation and marketing as two important factors that can ensure a better corporate health and wealth of firms. However, the rate at which new products fail is still high and that even though new product innovation continues to grow each year, the failure rate of new product failure continues to increase exceeding 80% in some industries (Hauser, Tellis & Griffin, 2005). Chand, Prabhu and Anti (2003) therefore emphasized that, a new product is not only judged on its own merit but rather on its value relative to competition.

According to Crainer and Dearlove (2004) managers of firms concentrate on innovations that grow not only the top-line performance persistently but also the firms' bottom- line performing products relative to industry competitors. The success of new products depends on the competitive conditions in the market including market concentration (Chen, Wang, Nevo, Benitez-Amado & Kou, 2015). Few competitors in a market allow firms to monitor competition on a routine basis for immediate reaction (Bowman & Gatignon 1995). This reaction may decrease the performance of new products introductions in such markets hence reducing its attractiveness to investors.



By finding new solutions to market saturation, product innovation has the tendency to create new markets and transform industries (Archibugi, 2017). Product innovation success achievement demands that, firms understand the process, its payoffs and the management of both so that little is left to chance (Carayannis, Samara & Bakouros, 2015). Products innovation strategies poses a permanent challenge for producing firms as standardized markets with known, stable demand and little possibility of improved alternative technologies are becoming continues to be sacred. Product innovation currently plays an important role in business performance. It is therefore not surprising that, there is a high demand on firms to connect product innovation with both the progress and financial matrices (Hauser et al., 2005).

Guinness Ghana breweries limited has launched a new product in addition to its range of products, the Guinness Africa Special. It is made with 70 per cent sorghum, sourced locally from the northern regions of Ghana, and mixed with selected African herbs and spices. Guinness Africa Special offers a unique taste that is tailored to the specific needs of the African. The Marketing Director of Guinness Ghana, Mr Kweku Sekyi-Cann, said: “As an iconic business, we are proud to set the pace, which is why we are always innovating to meet the ever-dynamic needs of our cherished consumers.” He said Guinness Africa Special was another example of such pacesetting innovation, adding that “this is our gift to Africa.” The Managing Director of Guinness Ghana, Mr Francis Agbonlahor, said Guinness was constantly guided by targets to strengthen and accelerate premium core brands, innovate to scale to meet new consumer needs, as well as build and

constantly extend its advantage to the consumer. He said the product was the result of such focused target setting. Guinness Africa Special will also be launched in Kumasi as part of a drive to make the product available countrywide.

### **Statement of the Problem**

The assumption underpinning product innovation is that, innovation can lead to a noticeable business outcome that can lead to higher profit margins, sustaining customer satisfaction and the organisation's competitiveness and that, if problems arising from product innovation are identified and mitigated, organisations will adopt product innovation as a strategy for its growth (Ajimati, 2012). According to Kleinschmidt (1991), several studies have investigated factors that causes products to succeed. Studies to explore factors that causes product to be successful or fail in the market as investigated by Mbithi and Muturi (2015) found numerous success factors. This included a better comprehension of the needs of the consumer, paying much attention to marketing and publicity, development in an efficient manner, effective utilization of technology from the outside as well as the leadership and the authority of managers within an organisation. It is surprising to note however that, in all these studies, nowhere was product innovation mentioned as a factor for product success.

Kleinschmidt (1991) added that, other studies conducted in the 1970's also elaborated on numerous factors of product success but surprisingly, very little was done on product innovation. For instance, Mbithi and Muturi (2015) showed additional factors which involved the role of key persons as factors for product success or failure and a strong market orientation. A Finish report uncovered a

good organisation/item fit, use of in house specialized know-how, market and innovation nature as extra product success factors. Rubenstein's US examination discovered 54 facilitators, including the presence of an item champion, advertising elements, for example, marketing factors like need recognition, and superior data collection and analysis planned approaches to venture management and strong internal communication but again, product innovation as a factor to impact product performance was not mentioned. This has created a gap which needs to be filled by several researchers. Only few researchers attempted. For instance, Haeussler, Patzelt and Zahra (2012) in their study related development of new products with successful firm performance, Goedhuys and Veugelers (2008) associated product innovations with firm growth while Sharma and Lacey (2004) found evidence in financial losses to have an implication of product development failures.

Again, a study by Kamakia (2014) on the relevance of product innovation on the performance of commercial banks in Kenya revealed that, to command a higher market share, commercial banks in Kenya need innovative ideas and the needs for banks to be innovative. Further, very few studies has been done in the alcoholic beverage industry. It is also important to establish that, it has been a long time since studies were conducted even in the Carbonated soft drink industry on the relevance of product innovation on sales performance and that, there is the tendency for a change in findings with time. It is against this background that the study seeks to ascertain the relevance of product innovation on companies' sales performance especially in the liquor market.

### **Purpose of the Study**

The main aim of the study is to examine the effect of product innovation as a strategy on sales performance at Guinness Ghana Limited.

### **Research Objectives**

Specifically, the study sought to;

1. Find out the types of innovation strategies adopted by Guinness Ghana Limited in gaining competitive advantage.
2. Examine the relationship between product innovation and sales performance.

### **Research Questions**

1. What types of innovation strategies have been adopted by Guinness Ghana Limited in gaining competitive advantage?
2. What is the relationship between product innovation and sales performance?

### **Significance of the Study**

The key thrust of the study is to examine the effect of product innovation as a strategy on sales performance at Guinness Ghana Limited. The findings of this study would bring to light the types of innovation strategies adopted by Guinness Ghana Limited in gaining competitive advantage. Moreover, the outcome of this study would establish the relationship that exist between between product innovation and sales performance at GGL. Understanding the relationship between firm performance and innovation activity could provide useful insights

for company management for two reasons. Firstly, managers would be able to optimise decision-making processes as concerns a new output line. Secondly, this may help allocate resources more effectively. Again, the result of the study will help impact the decisions of marketing practitioners, managers of consumer goods and most especially the beverage industry to put in place effective innovative strategies so they can continue to stay in business and increase sales. Also, the study will be very beneficial for academic purposes. The findings of this study will contribute to knowledge by serving as reference for academic purposes.

### **Delimitation**

The scope of the study is divided into two parts; the Geographical and the Contextual scope. The Geographical scope considers the location in which the study was undertaken while the Contextual scope takes into account the content of the study. The scope of the study is limited to the Guinness Ghana Limited at both the Accra and Kumasi Branches. The Contextual scope of the study examines the relevance of product innovation and its effects as a strategic tool on product sales performance, types of innovation strategies, management of product innovation strategies and the relationship between product innovation and sales performance.

### **Limitation of the study**

The senior members of GGL were not readily available due to occupational tasks hence the researcher was not able to interview most of them. Again, some of the staff members who were readily available too were not ready to provide the needed information in spite of the researcher's effort to convince them that the study was strictly for academic purpose.

## **Definition of Terms**

Several terms run through the entire report. Prominent among them that runs through the entire work are the Innovation and product innovation.

*Innovation* is the process of bringing new products or services into the market. It has the ability to create new markets that can positively or adversely affect industries (Hauser et al., 2005).

Luecke and Katz, (2003) defined product innovation as the successful introduction of a new thing or method.

## **Organisation of the Study**

The study is organised in to five chapters. Chapter one introduces the study and provides the background. Chapter two reviews the relevant literature whiles Chapter three addresses the various approaches and techniques used for data collection and analysis. Chapter four presents the results and the discussion of the results. Chapter five which is the final chapter summarises the study, draws conclusions and make recommendations based on the findings.

## CHAPTER TWO

### LITERATURE REVIEW

#### **Introduction**

This chapter reviews literature related to issues on the effect of product innovation as a strategy on sales performance. The review comprises theoretical, conceptual and empirical review. The theoretical review is centred around Diffusion of Innovation (DOI) Theory and that of Resource based view (RBV) theory. The conceptual review looked at the concept of product innovation and sale performance. The empirical view was done inline with the research objectives formulated for the study.

#### **Theoretical Review**

This section of the review examines the theory that underpins the study. Although there a number of theories that could have been reviewed in this study, the theory that best suit this study is that of Diffusion theory of Innovation or Diffusion of Innovation (DOI) Theory as well as Resource based view (RBV).

#### ***Diffusion of Innovation (DOI) Theory***

Diffusion of Innovation (DOI) Theory, developed by E.M. Rogers in 1962, is one of the oldest social science theories. It originated in communication to explain how, over time, an idea or product gains momentum and diffuses (or spreads) through a specific population or social system. In this case, this theory would help explain how Guinness Ghana limited conceive an idea of a product and the methods it adopts to ensure that new product idea gains wider attention among its customers. The end result of this diffusion is that people, as part of a

social system, adopt a new idea, behaviour, or product. In this case the people in this study are the workers of Guinness Ghana Ltd. Adoption means that a person does something differently than what they had previously (i.e., purchase or use a new product, acquire and perform a new behaviour, etc.). This implies that Guinness Ghana limited needs to come out with ideas on new product development which is different from their earlier products. The key to adoption is that the person (Guinness Ghana Limited ) must perceive the idea, behaviour, or product as new or innovative. It is through this that diffusion is possible.

It is worth noting that adoption of a new idea, behaviour, or product (i.e., "innovation") does not happen simultaneously in a social system; rather it is a process whereby some people (i.e. Guinness Ghana Limited ) are more apt to adopt the innovation than others (thus their competitors). Researchers have found that people who adopt an innovation early have different characteristics than people who adopt an innovation later. When promoting an innovation to a target population, it is important to understand the characteristics of the target population that will help or hinder adoption of the innovation. In the view of Wang and Lee (2011), there are five established adopter categories, and while the majority of the general population tends to fall in the middle categories, it is still necessary to understand the characteristics of the target population. When promoting an innovation, there are different strategies used to appeal to the different adopter categories.

1. *Innovators* - These are people who want to be the first to try the innovation. They are venturesome and interested in new ideas. These



people are very willing to take risks, and are often the first to develop new ideas. Very little, if anything, needs to be done to appeal to this population.

2. *Early Adopters* - These are people who represent opinion leaders. They enjoy leadership roles, and embrace change opportunities. They are already aware of the need to change and so are very comfortable adopting new ideas. Strategies to appeal to this population include how-to manuals and information sheets on implementation. They do not need information to convince them to change.
3. *Early Majority* - These people are rarely leaders, but they do adopt new ideas before the average person. That said, they typically need to see evidence that the innovation works before they are willing to adopt it. Strategies to appeal to this population include success stories and evidence of the innovation's effectiveness.
4. *Late Majority* - These people are skeptical of change, and will only adopt an innovation after it has been tried by the majority. Strategies to appeal to this population include information on how many other people have tried the innovation and have adopted it successfully.
5. *Laggards* - These people are bound by tradition and very conservative. They are very skeptical of change and are the hardest group to bring on board. Strategies to appeal to this population include statistics, fear appeals, and pressure from people in the other adopter groups

This theory has been used successfully in many fields including communication, agriculture, public health, criminal justice, social work, and marketing. In marketing, diffusion of innovation theory is used to accelerate the adoption of new products that typically aim to provide customers with better satisfaction. As a result, this theory would be appropriate to examine the types of innovations adopted Guinness Ghana Limited and how it affects its sales volumes. One major limitation of theory is that it does not take into account an individual's resources or social support to adopt the new behaviour (or innovation). This seems to suggest that resources are not important in product innovation and this is not true to some extent. It therefore become necessary to include resource theory in the discussion and hence the need to consider the resource based view (RBV) theory

### **Resource Based View (RBV)**

As per Wernerfelt (1984), every company is unique in its own way because of the services it provides due to the resources or assets owned. The RBV concentrates on the collection of resources. Based on this point of view, the resources a company owns can include the skills of management and or entrepreneurs. Wernerfelt (1984) further asserts that, organisational resources can be termed as either tangible or intangible which are integrated into the organisation or firm. The idea was concluded that, for companies to obtain a competitive urge over their competitors during their implementation of the company's product-market strategy, the tangible and intangible assets or resources are very important propositions for achieving competitive urge. Further,

arguments by Rumelt (1984) indicated that, the assemble age of resources by companies has the tendency to generate economic value based on the reason or circumstance by which the resources are intended for. Scholars such as Wright, McMahan and McWilliams (1994) as cited by Miller and Shamsie (1996) recognised that resources such as human resources, response lags, organisational routines, organisational culture, and indistinguishable assets, which are hard to duplicate and enhance competitive advantage.

Resources and competences of firms are heterogeneously shared among firms and inappropriately static. This he further suggested that, assets and competences which are either valuable or unique will ensure a competitive urge. Further, Conner (1991), in RBV indicated that, in the quest of companies to obtain a competitive advantage, the firm has to generate greater economic value to customers or clients comparative to its competitors and that in RBV, this can only be possible when competitive advantages are able to be created from efficient resources to ensure that companies generate superior benefits at the same cost. Therefore, in RBV, companies compete in the product market either by contributing distinguished products or by achieving low cost situation as compared to others. According to Brahma, and Chakraborty (2011), a resource although might be precious, it might also be abundant for as long as the achieved competitive advantage of the firm attained is seen to be effective and efficient comparative to the competitors or the other way around. In summary, it can be concluded that, if competitive urge of a company is not achieved due to the employment of such resources, RBV cannot be executed.

## Concept of Product Innovation

The word innovation is the process of bringing new products or services into the market. It has the ability to create new markets that can positively or adversely affect industries (Hauser et al., 2005). This allows competitors to be closely monitored to identify whether such competitors are market leaders, challengers, followers or nichers. This aids in finding a competitive marketing strategy that will position the organisation against its competitors.

New product introduction continues to grow each year but the failure rate has not necessarily improved over time because it continues to exceed 80% in some industries (Cooper & Edgett, 2008). According to Cooper and Edgett (2008), product innovation is the backbone to the economic development of any company. Inventions and innovations are the main pillars of economic unit of companies. Successful innovation is achieved by understanding the process, its pay-offs and managing both so that none will be left to chance. Innovations must be connected to growth and financial matrix. Hauser et al., (2005) indicated that, it is unsurprising that there is now the need to link innovation to growth and financial matrix. Difficulties associated with managing innovation is that, managers need to do so against consistently shifting back drop technologies, competitors and markets which are constantly evolving (Owusu, 2009).

According to Montaguti, Kuester and Robertson (2002), both consumers and industrial markets have come to expect frequent changes and improvement in the products offered. This results in some companies finding it profitable to make innovations as their main strategy because they take advantage of the initial high

profit that comes with the clients' acceptance of the new products or the improved products. From an organisational perspective, Luecke and Katz, (2003) defined product innovation as the successful introduction of a new thing or method. It is the overall combination or coming together of ideas in its original state, relevance, valued new products, processes or services.

According to the American Management consultants, Booz (1982) came out with two main dimensions that need to be observed. The first dimension is about how new a product is to the principal that needs to be considered and how new the product is to the company and also how new it is to the market place. Ettlle (2006) indicates that, innovation deals with creativity but not usually associated with it. Innovation is acting on the creative ideas to come out with some specific and tangible differences in the domain in which the innovation occurs. Cooper (2001) indicated that, innovation starts with creative ideas. He therefore defined innovation as the successful implementation of creative ideas within an organisation. He was of the view that, creativity by individuals and teams is the beginning point for innovation.

According to Davila, Epstein and Shelton (2012), for innovation to happen, there should be the generalisation of a creative idea or insights which has to be put into action to help make a genuine difference which will result in a new or altered business processes within the firm or changes in the product or service provided. Product innovation is also an organisational or management process. Davila et al., (2012) indicated that, innovation is a managerial process that requires tools, rules and discipline. From this point, the emphasis is to move from

the introduction of specific strategies that is useful to the general organisational processes and means of generating, considering and acting on such insights which lead to significant organisational improvements in terms of improved or new products or new business products. On the basis of these numerous viewpoints, the study therefore sees creativity as the pillar for innovation and innovation as the successful implementation of creative ideas within an organisation.

Creativity may be displayed by individuals but innovation occurs in the organisational context only. Innovation has been interchangeably used with the term creativity when discussing individuals and organisational creative activity as put by Davila et al., (2012).

### **Types of Innovation**

When people think of innovation, often, they are thinking of product innovation. Product innovation can come in three different forms. 1) The development of a new product, such as the Fitbit or Amazon's Kindle. 2) An improvement of the performance of the existing product, such as an increase in the digital camera resolution of the iPhone7. 3) A new feature to an existing product, such as power windows to a car. Thus product innovation can be divided into two categories of innovation: radical innovation which aims at developing a new product, and incremental innovation which aims at improving existing products.

## **Radical and Incremental Innovations**

There are many kinds of innovation. Classification may vary according to the object of innovation, for example innovation of socio-cultural systems, of ecosystems, of business models, of products, of services, of processes, of organisations, of institutional arrangements, of the drivers of innovation (technologies, markets, design, users, etc.), or to the intensity of innovation. One of the most common division of innovation types are incremental (continuous) and radical (discontinuous) innovations (Bessant & Tidd, 2009).

Radical (discontinuous) innovation - they require the change of frame (company is doing what it have not done before). This type of innovation offer possibility to offer something completely new and change the rules of the game. Incremental (continuous) innovation - these are improvements within a given frame of solutions (company is doing better what it have already done). This type of innovation often offers bigger gains in the long run than occasional radical changes.

### *Radical innovation*

Radical innovations are those innovations which are based on significant leaps in technology development, enabling entirely new features or order-of-magnitude improvements in products or costs. Radical innovations are often identified afterthe-fact, typically based on their market or industry impact. Radical innovation is characterized as an ambiguous and risky process, relying on emergent or undeveloped knowledge, and operating in unfamiliar technology or business domains.

Radical innovation consists of involving the commercialization of products based on significant leaps in technology development (Leifer et al., 2000), leading to advances in features or performance compared to what was previously available in an industry or market (Hill & Rothaermel, 2003). These can change the balance of power in existing markets or even lead to new markets. They create high uncertainty, not only in the market and industry environment, but also for the organisation commercializing them. Radical innovation has long been portrayed as ad hoc and highly dependent on the ability and persistence of individuals (Leifer et al., 2000). Without these people, it is often thought, radical innovation would not happen because management would have little incentive to look beyond current businesses and incremental improvements (Chandy & Tellis, 1998).

Individuals are therefore the key contributors to the implementation of radical innovations. Nonetheless, they face a difficult task. For large complex organisations, priority is often given to satisfying current customers or achieving operational excellence, rather than promoting innovation. Consequently, those attempting to secure resources and support for innovation projects may face seemingly big challenges. They will need to navigate the organisation's informal channels and overcome resistance at various levels (Markham, 2013). They may be able to gain the backing of higher level managers (Day, 1994). However, the responsibility for getting these innovations developed falls mainly on them. Radical innovation requires a dynamic capability, which fundamentally represents an ability to bring changes. More specifically, dynamic capabilities enable firms



to reach beyond existing routines in order to do things differently (Haeussler et al., 2006). They involve processes that allow individuals to experiment, yet with focus and guidance. As a result, firms have the ability to continually introduce valuable innovations before competitors.

In order to make innovations, particularly as they approach the radical end, organisations must think beyond their current businesses. But too often these organisations fail to support, and will even resist, innovations posing major change, all the while embracing new products offering high compatibility with their current businesses. Organisational histories, past successes and market share leadership will influence these decisions, making it more difficult to move away from the familiar. Yet these organisations will need to periodically renew their businesses as the advantage of their current ones diminish over time (Christensen, 1997). The individuals, rather than an organisation-wide commitment, are responsible for the majority of radical innovations (O'Connor & McDermott, 2004). Radical innovations are infrequent, typically happening because certain persistent individuals are able to maneuver them through the organisation's resistive forces. On the other hand, managerial involvement may involve not resisting but supporting actions, as communicating broad values and providing encouragement. From this perspective, the empowerment can be the primary driver of radical innovation in organisations, and so radical innovative ideas can arise from anywhere in the organisation (Gemünden, Salomo & Hölzle, 2007).

*Incremental innovation*

A continuous or incremental innovation is one that not sweeps much away from a firm's existing investment in technical skills and knowledge, designs, production technique, plant, and equipment. Incremental innovations, therefore, do not involve substantial changes in technical skills, knowledge, design, or the other factors (Gemünden et al., 2007). Incremental innovations can easily be defined as products that provide new features, benefits, or improvements to the existing technology in the existing market. An incremental new product involves the adaptation, refinement, and enhancement of existing products or production and delivery systems (Song, Dyer & Thieme, 2003). Benner and Tushman (2003) refer incremental innovations to improvements in a firm's existing product offerings that better satisfy the needs of its current and potential customers. Incremental innovations manifest as adaptations, refinements, enhancements, or line extensions, incorporating new features that offer additional benefits. To the extent that incremental innovations entail changes in the underlying technology, those changes in the technological trajectory tend to be relatively small and place limited strains on a firm's existing competencies. Incremental innovations will occur only on a microperspective affecting either the marketing or technology S-curve. Incremental innovations will not result in macro discontinuities which are only seen in radical or really new innovations. Incremental innovations are important on two main counts: first as a competitive weapon in a technologically mature market; and second, because streamlined procedures based on existing technology can help alert a business in good times to threats and opportunities

associated with the shift to a new technological plateau. For many firms, incremental innovations are the lifeblood of the organisation. Incremental innovations can occur at all stages of the new product development process. At the conceptualization stage, research and development may use existing technology to improve an existing product design. At the mature stage of a product's life, line extensions may result in incremental innovations. A borrowed technology from a different industry may be new to a different market. If it does not alter on a macrolevel either the technology or marketing S-curves or on a microlevel both curves, this borrowed technology would be considered an incremental innovation (Cheng & Shiu, 2008).

One of the main characteristics of incremental innovation is that it takes place on the subsystem level in that the changes involve in the first instance of one or a few segments of a production process, although they may have important ramifications for other parts or for the system as a whole. The changes are viewed from the standpoint of the firms making the changes. This is important because the degree of radicalness of an innovation can vary from producers to users. A radical transformation of a piece of equipment may lead to only a marginal change in a larger system into which the machine is incorporated (Garcia & Calantone, 2002).

Incremental innovations do not occur in aggregate, but result from decisions within individual businesses. Their impact is felt at the levels of the firm, the product and the sector. For firms, incremental innovations may be used to gain an advantage over competitors, but they are also shock absorbers that

allow firms to make adjustments in response to changes in their environments; for example they might change their patterns of fuel consumption when relative price levels change. On the product level, on-going incremental innovation after the determination of a dominant design allows for further improvements that extend product lifespans (Adner & Levinthal, 2001). On the sectoral level, sequences of incremental change can be a killer app, leading to permanent competitive advantage for innovative firms, while firms that underestimate the importance of incremental improvements over an extended period can suffer fatal or near-fatal set-backs. The best example of this is the automotive industry, in which what was once the largest manufacturing firm in the world was forced into bankruptcy, in part because consumers changed their allegiances when management neglected to implement a series of small process changes that collectively brought significant advantages in price and quality to its competitors (Govindarajan & Kopalle, 2006).

Realistically, in today's intensely competitive market environment, simultaneous pursuit of both radical and incremental innovations is an imperative. Nowadays the innovation strategy of successful innovators is an innovation pyramid comprised of a few big bets at the top, a larger number of promising midrange ideas in the test stage, and a broad base of early stage ideas or incremental innovations. Not every innovation idea has to be a blockbuster, and that sizeable profits can also result from a sufficient number of small or incremental innovations. So the role of innovations at the bottom of the innovation pyramid (incremental innovations) in a business' competitive strategy

is very important and companies must explore how it can be leveraged to compete more effectively in the marketplace (Kanter, 2006).

### **Product and Process Innovation**

A product innovation is the introduction of a good or service that is new or has significantly improved characteristics or intended uses; a process innovation refers to the implementation of a new or significantly improved production or delivery method (Geldes, Felzensztein & Palacios-Fenech, 2017). Incremental innovation is a series of small improvements or upgrades made to a company's existing products, services, processes or methods. The changes implemented through incremental innovation are usually focused on improving an existing product's development efficiency, productivity and competitive differentiation (Xu, Xiao & Rahman, 2019).

A radical or disruptive innovation is one that has a significant effect on a market and on the economic activity of firms in that market, while incremental innovation concerns an existing product, service, process, organisation or method whose performance has been significantly enhanced or upgraded (Chaston, 2017). There are four different types of innovation (Kamakia, 2014 ; Haeussler, 2008). These are product innovation, process innovation, marketing innovation and organisational. A product innovation is the introduction or service that is new and which has been significantly improved in terms of its characteristics or its intended purposes. This involves the significant improvements in technical specifications, components and materials, incorporated software, user friendliness or other fictional characteristics (Kamakia, 2014 ; Haeussler, 2008).

Product innovation can make use of new knowledge or technologies or can be based on new uses. Or even the combinations of existing knowledge or technologies. Product innovation is a difficult process that that is driven by advancing technologies, changing customer needs, shortening product life cycle and increasing global completion. To achieve success, companies have to ensure effective communication both within the firm and between the firm and its customers and or suppliers.

A process innovation is the implementation of a new or significantly improved production or delivery method. This involves significant changes in techniques, equipment and or software. Process innovation can be intended to decrease unit cost of production or delivery, to increase quality or to produce or deliver new or significantly improved products (Kamakia, 2014 ; Haeussler, 2008). Fagerberg (2004) opined that, while introduction of new products is commonly assumed to have a positive implication on the growth of a firms profit, process innovation is argued to have unclear effects because of its cost cutting nature.

A marketing innovation is the implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing (Kamakia, 2014 ; Haeussler, 2008). Marketing innovation target at addressing customer needs better, opening up new markets or newly positioning a firm's product on the market with the intention of increasing firms' sales. Marketing innovations are strongly related to pricing strategies,

product package designs properties, product placement and promotion activities along the lines of the four P's of marketing (Kotler, Saliba & Wrenn, 1991).

Organisational innovation is the final type of innovation as stated by the (Kamakia, 2014 ; Haeussler, 2008). It is the implementation of a new organisational method in the firm's business practices thus within the firm or its external relations. Organisational innovations have the likelihood to increase firm performance by reducing administrative cost, transaction cost, improving work place satisfaction which put together increase productivity, allows firms to gain access to non- tradable asset such as the non-codified external knowledge or help to reduce costs of supplies.

### **Sources of Innovation**

Innovation has many sources. The linear model of innovation talks about the manufacturer innovation as the prime source. Here, an agent, a person or business innovates in order to sell the innovation. The second source is the new coming which is widely recognized. It is the end user innovation. In this innovation, an agent, person or company brings an idea for their own (person or in-house) use because existing products do not meet their expectations. Innovation by businesses is usually attained in several ways where focus is given to formal Research and Development (R & D) for break through innovation as indicated by Bowman and Gatignon (1995). Christensen (2013) argued that, although innovation emanates from supply push based on new technology possibilities of demand- led (based on social needs and market demands), what really moves innovation in an organisation and economy remain an open question.

In recent times, theoretical works move beyond this simple ideolistic problem and from empirical works show that, innovation does not just occur within a firm's supply- side or as a result of a combination of user demand but from different sets of processes that link many different players which are not only developers and users but different sets of intermediary organisations such as consultancies, standard boards and others as indicated by Cooper and Edgette (2008) and Chandy, Prabhu and Antia (2003). Innovation from social network point or views suggest that, most successful innovations occur at the boundaries of organisations and firms where the needs of the user and the availability of the technology can be lined together in creative process.

### **Drivers of Innovations**

Competitive pressure from the industry brings about product innovation and diminishing companies that have advantage in the market as well as profit margin. Companies which do not innovate are usually overtaken by competitors in the industry and the only way to sustain the competitive advantage is to take advantage and upgrade or innovate much sophisticated products and processes as indicated by Porter (2008). Chandy et al., (2003) indicated that, organisational innovation programs are linked to organisational goals and objectives to bring business plan and to lead to market competitive positioning. Corporate growth objective is also another driver of innovation. Cost reduction and re-engineering alone cannot grow companies.

Innovation is the key major actor in providing a forceful top line growth and for increasing bottom line results as indicated by Davila et al., (2012).



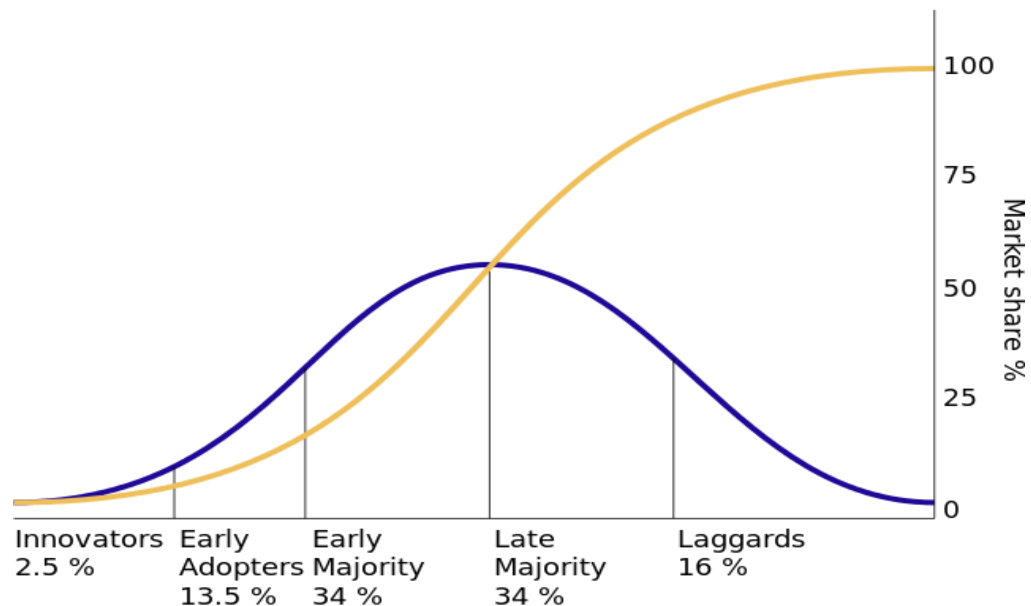
Companies spend a lot of their turn over on product innovation thus making changes to their existing main products; that is processes and services. This amount can vary for as low as half percent of turnover for firms with the low rate of changes to anything over 20% of turnover from firms for firms with the high rate of change. It is believed that, average investment on product innovation across all types of organisations should be 4% of total turnover but firms with a turnover of over 1 billion currency unit represent an average of 40% million units which are usually spread across various functions such as marketing, product designs, information systems, manufacturing systems and quality assurance.

Systematic program of organisational innovations is most frequently driven by the following as mentioned in a survey conducted by Booz. (1982); (1) improved quality (2) new market development (3) product range extensions (4) Cost of labour reduction (5) producing process improvement (6) reduction in materials (7) damage to environment (8) service and product replacement (9) reduction in energy consumption and (10) companies' conformity to regulations. All these imply that, drivers of innovation vary between improvement to products, processes and services which put away the belief that innovation deals with mainly new product developments.

### **Diffusion of Innovation**

Everett (1995) noted that, innovation may be spread from an innovator to other individuals and groups and that, the life cycle of innovation can be described using the s-curve or the diffusion curve. This curve grows revenue or productivity against time. In the early stage of any product innovation, growth is

relatively slow as the new product establishes itself. Clients start to demand for the new product and generally increases growth more rapidly. New product innovation helps growth to increase but towards its end of the product cycle, the growth slows and declines. It is perceived that, the s-curve is likely to have a “product life” i.e. a start-up face, a rapid increase in revenue and eventually decline. Companies innovate to replace old ones. The s- curve diagram shows a current technology and the other curve shows the merging technology that currently yields lower growth but will eventually overtake the current technology and lead to even greater levels of growth. Levitt, (1993) suggested that, after a new product is introduced, the management wish the product to enjoy a long and healthy life thus, the product sales and profit travel over its lifetime.



**Figure 1: Product innovation diffusion curve (The s-curve Diagram).**

Source: Everett (1995).

Levitt (1993) proposed five (5) distinct stages in the PLC which are;

### **The Innovation Stage**

This stage which is the first stage is characterised by the identification and development of a new product idea by firms. In this stage, firms show a zero investment cost.

### **The Introduction Stage**

The introduction stage is the second stage where sales is low because the product is now being introduced into the market and profit is not seen or realised because the company spends heavily on the introduction of the product. This second stage comes with high cost which is associated with marketing efforts focused to promote maximum awareness. This allows firms to invest more in promotional activities to help maximise the potential of the product.

### **The Growth Stage**

At this stage, the product reaches a stage where the product is accepted and profit increases well for the producer. Thus, at this stage, the firm begins to benefit from economies of scale in production, the profit margin as well as the overall amount of profit of the firm increases.

### **Maturity Stage**

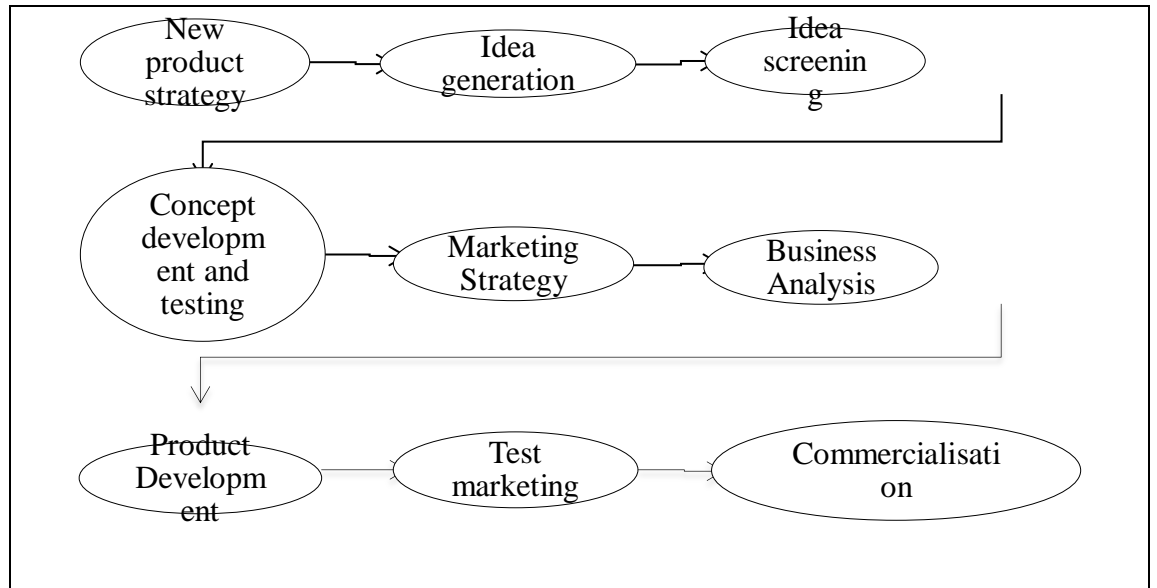
The fourth stage is the maturity stage. At this stage, there is a slowdown in sales growth as the product has been accepted by the market and here, profit level decreases due to the focus on marketing strategies to sustain the product against competition. At this stage, the aim of the manufacturer is to maintain the market share they have built up. This is perhaps the most competitive period of the product and hence, companies need to invest wisely in any marketing they

undertake. They also need to take into consideration product innovation so to give the product a competitive advantage.

### **The Decline Stage**

The decline stage is the final stage. At this stage, the market for a product shrinks. The shrinkage of the market is as a result of the market being saturated. Thus, all customers who purchase the product will have already bought them or that, buyers are switching to a different product or different type of product. At this stage, sales drop as well as profit. This is caused by competition, bad economic conditions, new market trends and others.

Cooper and Edgett (2008) stated that, not all products follow the s-curve product life cycle because some products are introduced and they die quickly at that stage. Other product also stay at the maturity stage for a long time while some also enter the decline stage but are circled back into the growth stage. This is as a result of the effects of sales promotion and repositioning. Christensen (2013) stated that, the main reason for product innovation is to create a new product life cycle which will make similar existing products unique because the product will differentiate itself from the product development strategy and extend existing product life cycle. Firms when faced with innovation usually misplace their R and D effort by coming together with other firms in the other industry that have complimentary needs.



**Figure 2: Diagram showing new product Development**

Source: Kotler, Asplund, Rein and Haider (1999).

This process is to identify new products consisting of eight (8) new steps as stated by Hultink, Griffin, Hart and Robben (1997) that, some of the steps may be removed which will eventually lower the period that the NPD process take as many firms try to complete several processes at the same time. This is also known as concurrent engineering or time to market. New product development is described in business and engineering as the overall process of inventing a new product or service to the market. There are new processes involved in the NPD process which are; idea generation, product design and engineering. The other involves market research and marketing analysis. Firms assume new product development as the first stage and use it within the main strategic process of product life cycle management to maintain and grow their market share.

Kotler and Keller (2010) stated that, the NPD stage involves seven (7) processes and they are; (1) idea generation which is called “Fuzzy front end” of

the NPD process. This new product idea can be from research using the SWOT analysis strategy which are the Strengths, Weaknesses, Opportunity and the Threats in the markets. The market and the consumer trends, firms, R and D departments, competitors, focus groups, employees, sales people, corporate spies and trade shows or ethnographic discovery methods and idea generation techniques can begin with your idea analysis. This helps in the idea screening face which is emphasized in the next development stage. (2) Idea screening- This is the stage where screeners must come out with the question of whether customers in the target market will benefit from the product. What is the growth and stage of the market segment or target markets? What is the current or the expected competitive pressure for the product idea? What are the industry sales and market trends based on? Is the idea feasible and will the product be profitable when introduced to the target customers and price? (3) Concept development and testing –In this concept, who is the target market and the decision maker in the purchasing process? What are the benefits from the product? How will customers react to the product? How will the product be produced at a lesser cost and the cost to produce the product?

Testing the concept by asking a sample of prospective customers what their perception is about the product is the fourth (4). (5) Business analysis- In this analysis, selling price is based on competition and customer's feedback, sales volume which are based on the market size and estimated profits as well as breakeven" point. (6) Market Testing-This tests the product and its packaging in typical usage situations, production of typical proto-type, mock-up conduct, focus

groups, customer interviews or introduce a trade show, make adjustments where necessary and reduce an initial test run of the product whiles selling it in a test market area to determine customer acceptance. (7) Commercialisation (considered post NPD), product launch, produce and place advertisements and other promotions- Majority of industry leaders see new product development as a proactive process where resources are available to identify market changes and size upon new product opportunities before they occur as indicated by Kleinschmidt (1991).

### **Managing Product Innovation for Success**

As several new products continue to fail, companies or producers have become anxious of how to study to improve their products that can succeed. According to Owusu (2009), one way to identify successful new products is to find out what they have in common. Owusu added that, factors including technology and marketing synergy, quality of work in all process and market attractiveness create successful new products. A firm must understand its customers, market and competitors, and develop products that give superior value to customers. Top management also face decisions on how to budget for new product development but its outcomes are so uncertain that, it is difficult to use normal investment criteria for budgeting as stated by Cooper (2016).

Stalk (1992) suggested that, firms must solve this problem by encouraging and financing as many projects as possible. As per Morton and Zettlemeier (2004), successful product innovation is guarded by a well-defined new product strategy. The new product strategy has four main goals. First, it enters the new

product team and focuses on team efforts. Secondly, it helps to bring together functional and departmental efforts. Thirdly, it helps make easy the comprehension of new product team which allows task to be delegated to team members who are left to operate on their own and finally, the act to produce and get managers to agree on a strategy requires proactive and not reactive management.

### **Competitive Response to Product Innovation**

Ulrich (2003) argued that, all product introduction faces the issue of competition. Introducers try to find which competitor will respond and that if some competitors try to introduce products of their own, will others refrain from their action? Perhaps others fear of retaliation, lack of money or the fear of cannibalising existing products. Managers have to inculcate competitive response in their financial budget because it helps them to know how much to invest in new products. Top managers need to determine competitive response as suggested by Owusu (2009) that, some competitors may respond to the introduction of new product by larger firms than that of similar firms for the fear of attacking behaviour.

### **Competitive Response via other Marketing Mix**

This focuses on product responses as prior research has anticipated that, responses to competitive actions tend to be reciprocal. For instance, product response for product action and price response per price actions by Kuester, Homburg and Robertson (1999) urged that, response is especially likely to be on



the product dimension when it is prompted by the introduction of highly innovative products.

### **Competitive Analysis**

For an organisation to design compelling aggressive marketing strategies, it needs to discover everything it can about its rivals. It should continually think about its products, costs, channels of distribution and advancement with those of close competitors (Cotterill, Putsis & Dhar, 2000; Dobson, Clarke, Davies & Waterson, 2001). Along these lines the organisation can discover areas of potential strength and weakness. Furthermore, it can launch more exact attack on its competitors and get ready more grounded barriers against competitors.

Across the worldwide "a surge of new items", "price increase", more prohibitive laws and controls" and "expanding consumer segmentation" emphatically bolster organisations to be innovative in the area of their operations. A huge number of new things are introduced every year as organisations try to have competitive advantage and drive top-line growth, yet the achievement rate regularly remains very low. This has been valid in the Ghanaian setting where in the course of the most recent five years, organisations like Guinness GH. Ltd have introduced different packaging forms and changes in bottling to meet the changing and shifting needs of consumers as a method for safeguarding their market share and grow their overall profit in the industry. For instance, Malta Guinness and Alvaro products just like their competitors are now using pet bottle and adding flavours to their product lines respectively.

This will widen the selection of products for the consumer and furthermore engage his bartering position. An extra Figure comes in the type of changing consumers' lifestyles and trends. Due to consumers inexorably perplexing, quick paced ways of life, they never again fit flawlessly into marketing segments, yet are "people" who bounce between many segments amid the week, and notwithstanding over the span of the day. This new condition makes since quite a while ago acknowledged advertising procedures old, leaving numerous administrators attempting to comprehend the new way of life needs of purchasers keeping in mind the end goal to stay pertinent in the commercial centre. These changing elements are complemented in a business domain that is described by financial vulnerability and instability, expecting organisations to re-examine their present business strategies with an end goal to wind up noticeably progressively versatile and adaptable.

Ordinarily, it would appear a basic assignment for an organisation to distinguish between its competitors. An organisation can characterize its rivals as different organisations offering a comparative product and administrations to similar customers at comparative costs. Along these lines, Malta Guinness may see Rasta malt as its competitor, yet not a different Companies (Dobson et al., 2001). Steiner (2004) recommended that surveying an industry aggressive position enhances its odds of planning systems that upgrade its natural open doors. Advancement of competitors' profiles empowers a firm to all the more precisely conjecture the two its short-and long-haul development and its benefit possibilities.

Once suitable solution has been chosen, they are compared to see their significance to a company's prosperity. At that point the competitor being assessed is evaluated on that basis, the appraisals are duplicated by the weight, and the weighted scores are summed up to yield a numerical profile of the competitor (Owusu, 2009). This sort of competitive profile is restricted by the subjectivity of its criteria choice, weighting and assessment approach. All things considered, the way toward growing such profiles is of extensive help to a firm in characterizing its view of its focused positions. Additionally, contrasting the company's profile and those of its rivals can help its administrators in distinguishing factors that may make the contenders defenceless against techniques the firm may execute.

In any case, experts, for example, Cotterill et al., (2000) and Dobson et al., (2001) additionally contend that organisations really confront a significantly more extensive scope of contenders. All the more comprehensively, the organisation can characterize contenders as all organisations making a similar item or class of items. All things considered, Guinness Ghana would consider itself to be in competition with all other soft drink Malta products and liquor companies especially in Ghana. Considerably more extensively as indicated by Dobson et al., (2001), demonstrated that competitors may incorporate all organisations making products that supply a similar service or products. For this situation Guinness Ghana would see itself going up against other soft drink Malta products as well as against other Malta drink products, packaged tea and cocoa drinks and even

mixed refreshments as they all as a matter of first importance try to extinguish taste before some other included advantages are advertised.

In encouragement to this, promoting specialists, for example, Kalemli-Ozcan, Sørensen and Yosha (2001) found out that, and still more extensively, competitors may incorporate all organisations that go after a similar buyer. In view of these contentions researchers, for example, Mazzarotto (2001) in his paper "Rivalry Policy towards Retailers": Size, Seller Market Power and Buyer Power, Centre for Competition and Regulation (CCR) Working Paper encouraged Companies to maintain a strategic distance from "competitors' astigmatism." An organisation will probably be 'covered" by its dormant competitors than its recent compete. The more one company's strategy looks like the other once strategy, the more the organisations compete. It has to know every competitor's product quality, features, and mix; customer service; pricing policy; scope of distributions; sales force strategy; and advertising and sales promotion programs. Also, it must stand the points of interest of every competitors R and D, manufacturing, purchasing, budgetary and other strategies. As per Mahnke and Özcan (2006), many organisations distinguish their competitors' from two (2) predominant perspectives to be specific: The Industrial perspective and the market perspective.

### **Sales Performance in the liquor and Carbonated Soft Drink Industry**

Companies can change at an alarming rate in a very short space of time, so it is vital that it keeps up-to-date with any changes to its market, and how those changes can affect its sales and other performance variables (Cummings, 2006). There are immediate difficulties in defining sales performance, which has meant

different things to different researchers and practitioners. Performance, which in a literal sense means the way that something functions, or the results of activity over time, is measured differently in different organisations. Leveraging the knowledge and experience of the authorities such as Cummings (2006); Sweet and Heritage (2000) and in discussing the issues with the Institute of Sales and Marketing Management (ISMM) and the Sales Training Association (STA), five drivers of sales performance were identified. These include;

1. Leadership, including strategy, decision making, attitudes towards learning, improving, coaching.
2. Motivation, including goal orientation and discipline, enthusiasm, planning, attitudes.
3. Skills, including communication, negotiation, customer relationships, presentation.
4. Process, including company's sales systems, information, records, preparation, follow through and delivery.
5. Market place, including understanding of the needs of customers, the market, their own products and those of their competitors.

### **Company Sales Performance**

In a 2006 Harvard Business Review edition, sales performance was presented as a combination of four things. First of all, the salesperson's capability to find, win and keep customers is considered important. But there are three other categories in the HBR list. Second, the sales managers' skills including strategizing, coaching and motivation should be examined. One study of 477 sales

agents in the insurance industry has found that, individualized support is particularly positively related to sales performance (MacKenzie, 2000).

Third, HBR outlined the support systems necessary for good performance, including recruitment and development, performance management, opportunity management and account management. Ironically, a recent commercial study of sales processes in the US found that of 1,275 companies surveyed, only 45 per cent thought that they had sales processes and only 45 percent of those who thought they had them were monitoring them to make sure that they contribute to better selling (Cummings, 2006). Lastly, HBR included the sales "organisational climate" as a contributor to performance (Ray & Ray, 2011).

### **Empirical Review**

This section focuses on other studies or research conducted on the relationship between product innovation as a strategy and sales performance. Most companies innovate their products with the aim of gaining a competitive advantage or make their products appeal to their customers so they can meet their changing needs while aiming at increasing the sales of such products in the market. Many researchers and scientists have raised the question as to whether product innovation has always been beneficial. This has stimulated the interest of many researchers to explore the relationship between innovation and performance in several countries and several industries.

In a study conducted by Löfsten (2014) to investigate the management and organisation of product innovation performance and its relationship with the business performance of a firm, the study concluded that, innovation positively

affects the business performance. In the view of Donder, Lang, Ferreira-Alves, Penhale, Tamutiene and Luoma (2016), there is a positive correlation between new products and sales growth but in the short term and will experience a negative correlation between product innovation for incremental and new products whereas there will be a positive correlation between product innovation and sales performance with much emphasis on incremental innovation.

Kamakia (2014) on the relevance of product innovation on the performance of commercial banks in Kenya also revealed that, for banks to increase their or have a competitive edge, there is the need for banks to be innovative and sales to command a higher market share, commercial banks in Kenya need innovative ideas and the needs for banks to be innovative. Kamakia reiterated the benefit of product innovation but cautioned that, there will only be a positive relationship between product innovation and sales performance only when strategies of new product innovation are well implemented by firms.

The purpose of this research was to examine empirically the effects of new product development strategy on company performance. To do so, two indicators of product development strategy which include development of new product and improvement of existing products were considered as independent variable indicators while performance measures were total output turnover, profitability, sales quantities and capacity utilisation. The sugar industry in Kenya was chosen as the empirical context for the present study's analysis largely because of its crucial role in agriculture subsector. Consistent with the study's hypothesis, this study's results show that introduction of other new products other than sugar has

largely been minimal while improvement of existing products has adopted through packaging and branding. Resultant performance was positive in total output turnover, sugar sales quantities, capacity utilisation was moderate while profitability after tax gave fluctuating results. Performance was fairly responsive to improvement of product processes procedures but poor in introduction of new products since actualization is yet to be realized (Mbithi & Muturi 2015).

The findings are in agreement with studies by Liu, Lin and Huang (2014) in textile industry where they found product development to better enhance operating performance and organisational effectiveness. Wang and Lee (2011) further confirm the findings of this study when they concluded that product based strategies impact positively on performance when they considered innovativeness of product against performance. The results further partially confirm previous findings of Hooper and Reilly (1984) who associated strong sales with new product introductions in car industry. Udegbe and Udegbe (2013) findings show innovation process on products to exert positive influence on organisational performance. Innovativeness in development of new products or improvement of existing ones is further supported by resource based theory where new organisational resources are found to benefit from new opportunities and eventually boosting performance (Rangone, 1999).

Using World Bank ICS data from Brazilian manufacturing firms, a study by Goedhuys and Veugelers (2008) identified innovation strategies of firms in particular internal technology creation and external technology acquisition and their effect on successful process and product innovations. The study used the



World Bank's Investment Climate Survey (ICS) data collected in Brazil in 2003. The survey collected data for the period 2000, 2001 and 2005, through intensive interviews of firms while analysis was done through Chi-sq test, bivariate probit for significance in correlation. The results indicated that innovative performance is an important driver for firm growth in particular the combination of product and process innovations that significantly improves firm growth. Both innovation and growth performance are supported by access to finance. The study though stated that international openness is important for stimulating firm growth performance, this openness works particularly through competition as an incentive device for cost improvements, stimulating firm growth, but not necessarily as a mechanism for technology absorption improving innovative performance (Goedhuys & Veugelers, 2008).

While examining empirically the effects of new product development outcomes on overall firm performance, Anurag and Nelson (2004) chose the pharmaceutical industry as the empirical context. This was appropriate for the study's analysis due to the gate-keeping role played by the Food and Drug Administration (FDA) provides a specific event date on which to focus the event study methodology. The study estimated market model parameters using a 300-day period. Daily return data were obtained on individual securities from Data Stream International and abnormal return for firm. The expected returns were estimated using the market model where returns on security, the daily returns of each firm in days were regressed against the return on market portfolio during the corresponding time period to obtain estimates. This study's results showed that

market valuations are responsive strongly and cleanly to the success or failure of new product development efforts. Further conclusions were that financial markets may be attuned sharply to product development outcomes in publicly traded firms (Anurag & Nelson, 2004).

However the study did not consider the intersection of marketing and finance literature. Strategic Alliances and Product Development in High Technology New Firms, with the moderating effect of Technological Capabilities study was done by Haeussler (2008). Using a database of biotechnology firms the study sought to know how new firms maximize the benefits of these alliances while reducing their risks. Testing the study hypotheses required measuring the alliance portfolio, technological capabilities and product development by HTNFs. The study surveyed biotechnology firms in the UK and Germany, the largest and most developed biotech industries in Europe. Face to face Interviews were conducted with 118 British and 162 German firms which agreed to participate in the study. There was a response rate of 47 percent for Germany and 34 percent for the UK. In the study analysis the study used descriptive statistics to determine correlations among, the study's variables. The study found that the specialization of new firms' technological capabilities can help managers use alliances more productively when it comes to NPD. The results were stable over a variety of different model specifications and when accounted for the endogeneity of alliances (Haeussler, 2008). However, the results drew attention to the importance of the breadth versus depth of the degree of a firm's technological specialization, an issue not explored in this study.

A research seeking to understand which of three different strategic orientations of the firm (customer, competitive, and technological orientations) is more appropriate, when, and why, in the context of developing product innovations was done by (Govindarajan & Kopalle , 2006). By using questionnaires to collect data from market executives, of these 239 marketing executives, 87.5% (209 managers) agreed to participate in the study. Multiple item scales were developed based on items previously proposed and used successfully in survey research studies. The results suggested that the appropriateness of a given strategic orientation, even a customer orientation, is not unconditional (Govindarajan & Kopalle , 2006). It was however difficult for the study to evaluate the reasons for the part of the variance which is unexplained.

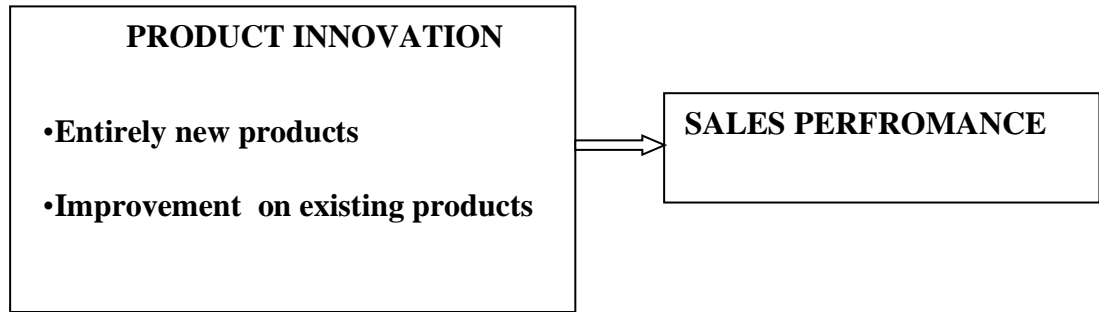
Cusumano and Nobeoka (1991) examined recent empirical research conducted or published on product development in the automobile industry. Their objective was to identify what has been learned, and what is yet to be learned about the effective management of this activity. The study focused 22 organisations from Japanese manufacturers in general, while the basic framework used to compare the studies examined variables related to product strategy, project structure or organisation, and project as well as product performance. Evidence from the study indicated that Japanese automobile producers have demonstrated the highest levels of productivity in development as well as of overall sales growth, and have used particular structures and processes to achieve this (Cusumano & Nobeoka, 1991). The evidence does not however clearly

indicate what the precise relationships are between development productivity and quality or economic returns.

Again, Kariuki (2011) examined the relationship between the level of technological innovation and financial performance of Kenyan commercial banks. The study covered the years 2001 to 2010, with the objective of establishing the level of innovations and determining the relationship between the two variables. The study gathered both qualitative and quantitative data which was analyzed using content analysis and SPSS version 17 respectively. The findings revealed that commercial banks have continuously employed various technological innovations which have led to increased financial performance through bank sales, return on equity and profits. The sample was representative since it consisted all the commercial banks and therefore the results could be generalized.

Lastly, Kimingi (2010) did a study on the effects of technological innovations on financial performance of commercial banks in Kenya. The period under study was 2001 to 2009, with the objective being to identify the technological innovations and investigate their effects on the financial performance of commercial banks in Kenya. This study used a descriptive survey with a population of 43 commercial banks in Kenya. Data for this study was both quantitative and qualitative hence both descriptive and content analysis techniques were employed. The study concluded that the banks had employed various technological innovations, further it concluded that technological innovations had lead to improved financial performance of commercial banks.

The study period was adequate to help reveal the possible impact of technological innovations on financial performance.



**Figure 3: Conceptual framework on the relationship between product innovation and sales performance**

Source: Author's construct (2018)

Product innovation as established by concepts reviewed above comes in two main forms which are; bringing to the market an entirely new product or improving on products already in the market. There is a linear relationship between product innovation and sales performance. It is therefore expected that, product innovation affects sales performance. Most companies innovate their products with the aim of gaining a competitive advantage or make their products appeal to their customers so they can meet their changing needs while aiming at increasing the sales of such products in the market. As established by concepts, the study sought to examine the relationship between product innovation and sales performance of Guinness Ghana Limited.

## CHAPTER THREE

### RESEARCH METHODS

#### **Introduction**

The method which was used to carry out the study was discussed in this chapter. The chapter entails the research design, the population, the sample and sampling procedure, the research instrument, procedure for data collection and lastly the technique for data analysis.

#### **Research Approach**

Quantitative research method was employed for the study. This approach made it possible to obtain relevant information on the study. Quantitative method of research was employed for the study. This approach was adopted to help obtain in-depth information as required by the researcher and knowledge that would improve the study. According to Creswell (2009), quantitative research is a method for testing objective theories by examining the relationship among variables. These variables thus, can be measured, ordinarily on instruments so that numbered data can be analysed utilizing statistical procedures.

#### **Research Design**

According to Bryant (1985), Positivism is a scientific knowledge that is reliable because it emanates from positive affirmation of theories through rigid scientific methods (techniques for examining occurrences is based on gathering observable, empirical and measurable evidence subject to specific principles of reasoning). One of the main principles backing positivism is the logic of inquiry

which spans across all sciences (social and natural sciences). Inquiry takes the form of three main types of research designs. These are; Explanatory design, Exploratory and Descriptive research design (Yin, 1994). Exploratory research design is the most valuable and or appropriate research design for projects or studies that seeks to address the subject which has associated high level of uncertainties and ignorance about the subject matter, and that when the problem under study is not very well understood or that the subject matter has very little existing research on it. Such study is usually characterized by a high level of flexibility but lacks a formal structure. The main purpose of exploratory research is to find the boundaries of the environment in which the problems, the opportunities, and or the situations of interest are likely to be found and to explore the salient factors or variables that might be revealed (Yin, 1994).

In the view of Yin (1994), the main aim of the descriptive research design is to offer an accurate and valid representation of the factors or variables that pertain to studies and are more structured than exploratory research. Explanatory research design on the other hand is sometimes referred to as analytical studies. It seeks to identify any causal links between the factors or variables that relate to the research problem. Such research is also very structured in nature. For the sake of this study, the descriptive research design method was employed for the study. This design was employed because it helped to examine the effect of product innovation at the Guinness Ghana Limited on the company' as it was without allowing the researcher to either change, modify the situation under study or add findings.

## **Study Area**

Guinness Ghana Breweries Limited is on the path to become the most vibrant and iconic business in Ghana. Guinness Ghana Limited is one of the leading producers of both liquor and carbonated soft drinks market in the country and worldwide. It has a considerable number of sellers and consumers. The company employs more than seven hundred (700) permanent staffs in both Kumasi in the Ashanti region and Accra in the Greater Accra region and five hundred (500) contract staffs. GGBL distributes to a wide range of celebrated brands such as Johnnie Walker, Smirnoff and Baileys including Beer, Stout, Malta Guinness, Alvaro, Ruut Extra Premium Beer among other products. It produces 2000hl per day which is almost 26, 700 cases rattles out of 36,000 bottles an hour on its just installed Packaging line. GGBL also distributes Heineken as they have a 20% stake in GGL. The company originated in the 1960s and that it is the only beverage business to be enlisted on the Ghana stock exchange (August 23, 1991). Additionally, it is observed that, Guinness Ghana Limited invests a lot especially in the innovation of their products such as change in bottling and packaging of products.

## **Target Population of the Study**

Kaše, King and Minbaeva (2013) defined population of study as the total number of all units of a phenomenon to be investigated or existing at the area of research. The population of interest in this study comprised of 700 employees made of junior ranks, senior officers and the senior managers of Guinness Ghana Limited in Accra and Kumasi by August 2017.



## Sample and Sampling Techniques

A sample in research refers to the subjects selected for a study (Oluikpe, 2010). Distinguishing between population and sample in research, Oluikpe adds that whilst population identifies the broader category of research participants, e.g employees of Guinness Ghana Limited, sample on the other hand stands for the particular people or elements chosen from the population for a study. In selecting the participants for this study, the researcher maintained a high sense of neutrality

In the view of Cohen, Manion and Morrison (2007), factors such as expense, time, and accessibility usually prevent researchers from gaining information from the whole population. They therefore suggested that in the situation where the population size is too large, the researcher collects information from a smaller group or subset of the population in such a way that knowledge gained is representative of the total population under study.

Saunders (2011) stated that, sampling is of paramount relevance in research and that, the characteristics of respondents to be sampled should be representative of others in similar areas so to allow for generalization. To ensure that, the sample is representative enough, both convenience sampling method and purposive sampling methods were employed for the study. These methods were used to obtain two hundred and fifty (250) respondents for the study.

Convenience sampling technique was employed for the study in that, the researcher conveniently sampled the staff of GGL which include both the senior staff members and the junior staff members of the company on the innovation strategies adopted by the company as well as the effects of innovation strategies

adopted on the sales performance of such products. This method was adopted because it allowed the researcher obtain rudimentary data and trends regarding the study without the complication of using a randomized sample and that some staff members were readily available to the researcher at the time of the study to be interviewed.

Purposive sampling was also adopted. This method allowed for the selection of respondents for the study based on their knowledge on the subject matter or based on their experience in the field. This was used to obtain important information from senior management members thus employees directly involved in product innovation and its management such as the Brand manager, the marketing manager and the sales manager and thus will be in the best position to provide enough and relevant information on the study. The total population for the study was 700. The determination of the sample size was done using Krejcie and Morgan's (1970) table for the determination of sample size. A sample size of 250 which was a fair representation of the entire population of 700 employees from Guinness Ghana Limited. This sample size (250) is above the minimum size (248) suggested by Krejcie and Morgan (1970). Senior management with emphasis on those at strategic levels were sampled for the study because they were in the position to provide the necessary technical, strategies and feedbacks in the use of product innovations as tool for gaining competitive edge in the intense competitive malt beverage industry. Additionally, they were also in the position to give information on how adopted strategies have helped to increase the profit margins of the company, sales growth and improvement in the market shares

among others. These individuals were responsible also for taking strategic decisions in market trends, analyze sales growth, and return on assets, investments, capital employed, and new product innovation as well as new product service. Senior staff members and the junior staff management were sampled for the study because they operationalize all the strategies put in place, implement the strategies and supervise in the field. In view of this, they have a firsthand feedback from consumers and customers which would be able to enrich the study

### **Sources of Data**

#### *Primary Data*

Primary sources of data are firsthand information obtained from the field by the researcher himself or herself. For the purpose of this study, primary data was collected. Primary data is very important for a research because, reliable and relevant information for the study would be obtained. This method was used to obtain data on the types of innovation strategies adopted by Guinness Ghana Limited in gaining competitive advantage, how product innovation strategies have been managed since 2012 to gain a long term competitive advantage and the effect of product innovation strategies on the sales performance.

#### *Secondary Data*

Secondary data takes the form of already obtained and compiled data or information for reference purposes. However, secondary data was relevant to the study. Such data were obtained from the newspapers, textbooks, articles and peer

reviewed journals. These were obtained from the library, British Council and Guinness Ghana Limited, Accra.

### **Data Collection Instruments**

Questionnaires (open and close ended) as well as a check list were used to obtain information from respondents. The questionnaire was well structured incorporating agreement of confidentiality and anonymity. A brief background of the study was also given to help respondents understand the objectives of the study so that, they can answer questions even in the absence of the researcher. It also helped clear all doubt the respondent may have concerning the study. The questionnaire is structured in two sections. The first section deals with the ethical issues of the study. Thus, issues of confidentiality and anonymity. The second part of the questionnaire is also sub divided into sections under thematic areas based on set objectives (Appendix 2). The questionnaire was divided into three sections. The first part of the questionnaire contained two items which sought to examine the background information of the respondents engaged in the study. The second section which was made up of 18 items attempted to examines the types of innovation strategies adopted by Guinness Ghana Limited in gaining competitive advantage. The third sections is made up of items that examined the relationship between product innovation and sales performance at GGL. Further, checklist served as a guide to interview management heads who are directly involved in making decisions concerning product innovation within the company.

## Data Collection Procedure

The researcher first visited Guinness Ghana Limited with an introductory letter obtained from the University to help gain access to relevant information from the institution. The first visit to the institution gave the researcher the opportunity to familiarize with the study institution and some of the staff members while observing how things are done within the organisation. After submission of the introductory letter, a day was scheduled for the collection of data. The questionnaires were self-administered to the respondents. The rationale behind the self administration was to ensure a high return rate, and also to clarify the meaning of some items on the questionnaire to the respondents. It took a period of two months to complete the data collection process. This was due to the fact that the respondents were not situated at one place. On the day of data collection, the researcher explained the purpose of the study as well as the procedure of completing the questionnaire they were given the questionnaire. The administration and collection of the questionnaire lasted for 10 minutes. The questionnaires given to respondents were collected immediately to ensure a high return rate. A total number of 250 questionnaires were administered and retrieved. Interviews were conducted using the checklist as a guide to obtain answers from management to the research questions.

### **Data Processing and Analysis**

Data analysis according to Awuah–Nyamekye (2013), is the most significant aspect of research. It allows the researcher to make an original contribution to his or her chosen discipline. Quantitative data was therefore assembled, edited thoroughly, coded and analysed quantitatively using the Statistical Package for Service Solution (SPSS) (version 20). Qualitative data obtained from the field was also assembled and coded thoroughly and analysed quantitatively using SPSS. Where relevant, qualitative data was presented using the narrative form of data presentation. Presentation of quantitative data was done in the form of bar graphs, pie charts and frequency tables.

In exploring the relationship between product innovation and sales performance, Pearson Product-moment correlation coefficient was used. This measured the amount of resource (human, financial and the logistics) investments in product innovation at Guinness Ghana Limited has a positive direct implication on the sales performance of such products.

### **Validity and Reliability**

Every good research must have some kind of validity and reliability so far as its data collection instruments are concerned. Validity refers to the fact that the test items constituting a questionnaire in survey research are measuring the construct that the test developer has designed it to measure (Walliman, 2017). The validity of the questionnaire instrument, particularly the face validity, was ascertained through the discussion of the questionnaire items with the research

supervisor. This was done by checking the content to ensure that it measures what it is supposed to measure.

The extent to which the findings of a study are consistent over a period of time and accurately represents the the views of the total population studied makes the study reliable (Burns, 2000). Burns further opined that, if the study and its findings make sense to participants then, it must at least have some validity and reliability. The establishment of reliability was accomplished by measuring the internal consistency of the instruments using a reliability coefficient, obtained by means of Cronbach's alpha. In order to obtain the reliability coefficient, a pilot testing of the instrument was carried out Coca Cola company Ltd.. The data gathered were analysed using the Cronbach's alpha correlation technique to check for internal consistency. Yin (2014) described Cronbach's Alpha as a method used to measure the reliability of the questionnaire between each item and the mean of the whole items of the questionnaire. The normal range of Cronbach's coefficient alpha value is between 0 and 1, and the higher value indicates that higher degree of internal consistency. Different authors accept different values of Cronbach's alpha so as to achieve internal reliability, but the most frequently accepted value is 0.70 and above to reach internal reliability. In this study a reliability coefficient of 0.739 was obtained which Cohen, Manion and Morrison considered acceptable for determining the appropriateness of the instruments.

### **Ethical Considerations**

Participation in the study was voluntary and that, respondents could withdraw from the study at any time. The researcher duly recognized and

acknowledged all necessary authorities to forestall academic thievery and plagiarism. The researcher also ensured the anonymity and confidentiality of the information gathered for the study.

### **Chapter Summary**

Descriptive research design method was employed for the study. Quantitative research method was also employed for the study. The study was conducted at Guinness Ghana Breweries Limited both in Kumasi and Accra offices. Two hundred and fifty (250) members were sampled as respondents for the study it include Senior management, Senior staff members and the junior staff management members or staff of GGL. Both convenience and purposive sampling were adopted for the study. Again, both primary and secondary sources of information were sought for the study. Questionnaire (open and close ended) and checklist were used to obtain information from senior, junior officers and senior managers (250 respondents). Obtained information from respondents was coded and analysed quantitatively us the Statistical Package for Social Sciences (SPSS) (version 20). The senior members of GGL were not readily available due to occupational tasks hence the researcher took longer time to collect data and this delayed the data collection time.



## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### **Introduction**

This chapter presents the results obtained from the field on product innovation and its effects on sales performance. To aid in a better understanding and achievement of objectives stated in the study, analysed data is presented in the form of Table, figures and narratives and presented under specific objectives. The chapter also discusses results in the study by either accepting what literature has stated or refuting what has been said by other authors.

The main aim of the study is to explore the effect of product innovation on sales performance. The study also seeks to explore the types of innovation strategies adopted by Guinness Ghana Limited in gaining competitive advantage and also examine the relationship between product innovation and sales performance. Descriptive research design method was employed for the study. Quantitative research method was employed for the study. Both convenience and purposive sampling were adopted for the study. Descriptive statistics and Pearson correlation methods were used to analyse data. In all, two hundred and fifty (250) respondents were sampled for the study. The sampled is characterized by staff members who are senior management, senior members and junior members of the company both in Kumasi and Accra branches.

#### **Demographic Characteristics of Respondents**

This section discusses the background information of the respondent. Demographic variables such as gender and number of years.

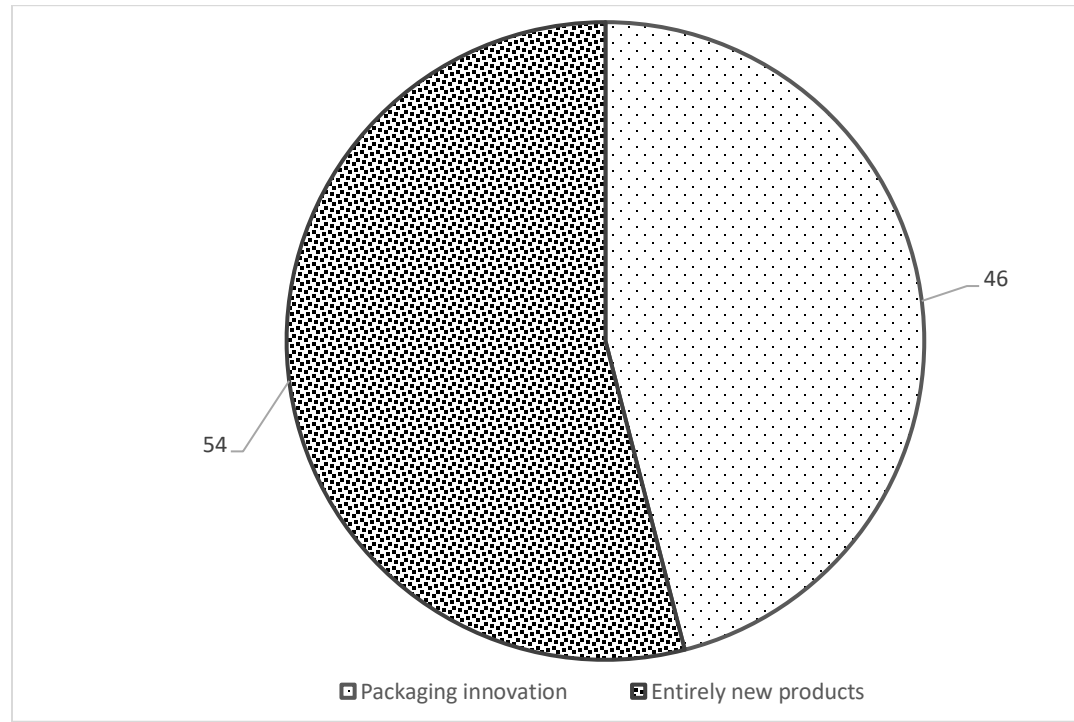
**Table 1: Demographic Characteristics of Respondents**

<b>Parameters</b>	<b>Categories</b>	<b>Frequency (N=250)</b>	<b>Percent</b>
<b>Gender of respondents</b>	Male	183	73
	Female	67	27
	<b>Total</b>	<b>250</b>	<b>100</b>
<b>Number of years respondent has worked with GGL</b>	1-3yrs	44	17.2
	4-6yrs	108	42
	7-9yrs	98	38.6
	<b>Total</b>	<b>250</b>	<b>100</b>

Source: Field Data, Zevor (2017).

Table 1 shows that, among the number of respondents engaged in the study, 183 (73%) were males and 67 (27%) were females. Among the respondents, 42% have worked with the institution between four to six years, 38.6% of respondents have worked with Guinness Ghana Limited between seven to nine years whereas twelve respondents representing 17.2% have worked with the institution between one to three years.

### Innovation strategies that have been implemented by Guinness Ghana Limited



**Figure 4: Innovation strategies that have been implemented by Guinness Ghana Limited**

Source: Field Data, Zevor (2017).

Figure 4 indicates that, majority of respondents representing 54% stated that, introduction of entirely new products is the innovative strategy that have been implemented by Guinness Ghana Limited whereas 46% of the respondents argued that, packaging innovation strategy is what has been implemented by the institution (Figure 4). These strategies allow GGL to gain long term competitive advantage over its competitors. This finding is in agreement with the finding of Geldes, Felzensztein and Palacios (2017) that states that, product innovation takes place whenever a company introduces a good or service that is entirely new or has the characteristics of its existing products significantly improved. The innovative

strategies that have been adopted by Guinness Ghana Limited to gain a competitive edge can be termed as Incremental innovation as it matches with the argument of Marcon, de Medeiros and Ribeiro (2017) which states that, incremental innovation is a series of small improvements or upgrades made to a company's existing products, services, processes or methods. He emphasized that, the changes implemented through incremental innovation are usually focused on improving an existing product's development efficiency, productivity and competitive differentiation.

### **Relationship between product innovation and sales performance at GGL**

This aspect of the data presentation throws more light on the outcome obtained from the respondents on research objective two which mainly attempted to identify the connection that exist between product innovation and sales performance at Guinness Ghana Limited. The research hypothesis that guided the study was framed as:

**H1:** There is statistically significant positive relationship between product innovation and sales performance at Guinness Ghana Limited

Table 3 depicts the outcome of the correlation analysis that has emerged from the data analysis.

**Table 2: Association between product innovation and sales performance at GGL**

		Product Innovation	Sales Performance
Product Innovation	Pearson Correlation	1	.365**
	Sig. (2-tailed)		.001
	N	250	250
Sales Performance	Pearson Correlation	.365**	1
	Sig. (2-tailed)	.001	
	N	250	250

Source: Field Data, Zevor (2017).

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

Product Innovation is an important ingredient that determines customers from switching to an alternative service provider. The sales volume of any business organisation is central issue and such companies are always working seriously towards developing new products that attract customers. It is upon this premises that this study aimed at assessing whether there is any statistically significant relation between product innovation and sales performance at Guinness Ghana Limited. Pearson Correlation Coefficient of 0.395 as depicted in Table 3 suggests that a positive relationship exist between product innovation and sales performance at GGL.

Again, in line with the results obtained from the Pearson correlation test, it is observed from Table 2 that the sig. = 0.001 < 0.05. This of course reveals a statistically significant relationship between product innovation and sales performance at GGL. In this case, the null hypothesis which states: There is no statistically significant positive relationship between product innovation and sales performance at GGL was rejected whilst I fail to reject the alternative hypothesis

stating there is statistically significant positive relationship between product innovation and sales performance at GGL. There is overwhelming evidence based on the result displayed in Table 3 supporting the notion that there is statistically significant positive relationship between product innovation and sales performance at GGL. The outcome of this study lends direct support to other scholars. Notable among them are Mbithi and Muturi (2015), Liu, Lin and Huang (2014), Wang and Lee (2011) as well as Udegbe and Udegbe (2013).

To illustrate further, Mbithi and Muturi (2015), for example carried out a study in sugar industry in Kenya. The main rationale behind their study was to examine empirically the effects of new product development strategy on company performance. To do so, two indicators of product development strategy which include development of new product and improvement of existing products were considered as independent variable indicators while performance measures were total output turnover, profitability, sales quantities and capacity utilization. The sugar industry in Kenya was chosen as the empirical context for the present study's analysis largely because of its crucial role in agriculture subsector. Consistent with the study's hypothesis, this study's results show that introduction of other new products other than sugar has largely been minimal while improvement of existing products has adopted through packaging and branding. Resultant performance was positive in total output turnover, sugar sales quantities, capacity utilization was moderate while profitability after tax gave fluctuating results. Performance was fairly responsive to improvement of product

processes procedures but poor in introduction of new products since actualization is yet to be realized.

In a similar study conducted by Löfsten (2014) to investigate the management and organisation of product innovation performance and its relationship with the business performance of a firm, the study concluded that, innovation positively affect the business performance. As per Donder, Lang, Ferreira-Alves, Penhale, Tamutiene and Luoma (2016), there is a positive correlation between new products and sales growth but in the short term and will experience a negative correlation between product innovation for incremental and new products whereas there will be a positive correlation between product innovation and sales performance with much emphasis on incremental innovation

The findings are in agreement with studies by Liu, Lin and Huang (2014) in textile industry where they found product development to better enhance operating performance and organisational effectiveness. Wang and Lee (2011) further confirm the findings of this study when they concluded that product based strategies impact positively on performance when they considered innovativeness of product against performance. The results further partially confirm previous findings of Hooper and Reilly (1984) who associated strong sales with new product introductions in car industry. Udegbe and Udegbe (2013) findings show innovation process on products to exert positive influence on organisational performance. Innovativeness in development of new products or improvement of existing ones is further supported by resource based theory where new

organisational resources are found to benefit from new opportunities and eventually boosting performance (Rangone, 1999).



## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### Introduction

This chapter presents a summary of the key findings that arose from the study. The chapter also contains the conclusions and recommendations that were made based on the findings of the study. It again suggested areas for further research.

#### Overview of the Study

The main aim of the study was to examine the effect of product innovation on sales performance at GGL. The study was guided by two key research questions.

These are :

1. What are the types of innovation strategies adopted by Guinness Ghana Limited in gaining competitive advantage.
2. What is the relationship between product innovation and sales performance at Guinness Ghana Limited.

Descriptive research design method was employed for the study. Quantitative research method was also employed for the study. Both convenience and purposive sampling were adopted for the study. Descriptive statistics and Pearson correlation methods were used to analyse data. The geographical scope of the study is limited to Guinness Ghana Limited in both Kumasi and Accra. Two hundred 250 respondents were sampled for the study. The sampled is characterized by staff members who are senior management, senior members and junior members of the company both in Kumasi and Accra branches.

## **Key Findings**

The relevant findings of the study were as follows;

1. In terms of the innovation strategy adopted by Guinness Ghana Limited, the study revealed that the GGL adopted two kinds of strategy. One has to do with introduction of entirely new product whereas the second strategy deals with repackaging of existing products
2. The study further revealed that there was a positive strong correlation between product innovation and sales volume in the school.

## **Conclusion**

The following conclusions could be drawn from the findings of the study.

Introduction of entirely new products and packaging innovation strategy were the two main innovative strategies that have been implemented by Guinness Ghana Limited and these innovation strategies are customer centered. It can be said that based on the outcome of the study that, product innovation is a good strategy or tool for companies to increase their sales amidst competition. However, there is the need for companies to actively involve all stakeholders through stakeholder meetings for internal stakeholders and market research for their external stakeholders in decision making concerning products that are to be innovated so such products can be accepted in the market.

## **Recommendations**

Based on the findings and conclusions drawn from the study, below are some recommendations to some key stakeholders of education.

1. Guinness Ghana Limited should adopt other product innovation strategies that seeks to diversify flavours of their products as well as the introduction of different sizes of their products (Packaging sizes). This will help meet the diverse needs of consumers whether children, the youth, the poor, the rich and even the sick.
2. Effective product innovation strategies can be made very effective by GGL by employing the skills of available human resources. Thus, there is the need to build and improve the skills and competencies of staff through training. Such training programs can assume various forms including classroom training, mentoring, cross training, business meetings, team meetings, skill-based workshops and seminars among others.
3. In ensuring that GGL improves its sales, GGL should ensure availability of their products at all times. This can be achieved by paying much attention to the need for employing more distributors who must be trained on customer relationship management. This will help make sure that, products of Guinness Ghana Limited are brought closer to its consumers while ensuring constant supply of supply to its consumers.
4. GGL should ensure right pricing of products and products visibility, localize adverts to suit customers. Consumers must understand adverts and identify themselves with the advert. This helps make consumers gain interest in the products that positively affect sales of products.

Guinness Ghana Limited should improve on sales materials, ensure that, promotional activities are directed towards product value.

Variety of products supplied by a company will mean that, the company would be able to serve different segments within the market and as such, will meet the diverse needs of consumers. Product innovation therefore is a good strategy that must be pursued but with professionalism.

### **Suggestions for Further Studies**

Product innovation strategies implemented by Guinness Ghana Limited were very effective and that, these strategies have had much positive effect on sales performance. However, the study failed to include the distributors of GGL products as key stakeholders Therefore, it is recommended that, further studies be conducted to explore their views on the relationship between product innovation strategies implemented by GGL and their effects on sales performance, customer retention and or satisfaction.

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**APPENDICES**

**APPENDIX A**

**ETHICAL REPORT**

**Appendix 1.1 (Information Sheet, Participation Consent form and confidentiality agreement)**

**Consent form for participant**

Having read the information sheet and the details of the study explained to me, my questions have been answered to my satisfaction, and that, at any point of misunderstanding or unclear information, I may ask further questions.

I agree to participate in this study under the conditions set out in the information sheet.

Signature..... Date.....

**Confidentiality Agreement**

I.....  
...agree to keep confidential all information obtained concerning the “Effects of Product Innovation as a strategy on sales performance: A case of Guinness Ghana Limited”.

I will not retain or copy any information involving the project.

Signature.....Date .....

**APPENDIX B**

**SURVEY QUESTIONNAIRE  
UNIVERSITY OF CAPE COAST-CAPE COAST**

Dear/ Madam,

I am a post graduate student from the above institution undertaking a research on the topic “Effect of Product Innovations as a strategy on Sales Performance: A case of Guinness Ghana Ltd. Ghana and will be very grateful if you can kindly answer the questions below for me. It is purely for academic exercise and all information provided will be kept confidentially.

Thank you for accepting to answer the questionnaire

**QUESTIONNAIRE FOR MANAGEMENT AND STAFF**

**A. PERSONAL DATA**

1. Please indicate your gender status.  
(a) Male      (b) Female
  
2. How long have you been working with Guinness Ghana Limited?  
(a) 1 – 3 years      (b) 4 – 6 years      (c) 7 – 9 years      (d) 10 years and more

**B. PRODUCT INNOVATION STRATEGY ADOPTED IN GUINNESS GHANA**

3. Please outline some of the product innovation strategies that management often adopt in this company?

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

Please indicate the extent to which you agree to these statements.

Strongly agree (1); Agree (2); Neutral (3); Disagree (4); strongly disagree (5)

<b>STATEMENT</b>					
<b>RESEARCH AND DEVELOPMENT ON CUSTOMER</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Guinness Ghana Ltd constantly analyses commitment level to serve its customer needs					
Guinness Ghana Ltd measures customer satisfaction frequently and systematically					
Guinness Ghana Ltd knows its competitors well					
All functional managers visit our current potential customers regularly					
GGL frequent studies on its customers in order to know what products and services they will need in the future					
Investigation and market study results are used as a source of information for taking decisions					
GGL regularly gathers market data to be used directly in their product development plans					
GGL is able to detect changes in its customers' preferences rapidly					
GGL encourages its customers to comment and even complaints as to the product offering to help the company to accomplish its work better					
GGL regularly analyses the marketing plans of its competitors					
GGL frequently evaluates the possible effects of environmental change on its customers					
GGL measures the service labels supplied to its customers routinely and regularly					
<b>INTERNAL COMMUNICATION</b>					

Interdepartmental meetings are held for discussions of market tendencies and future evolution.					
GGL manages to supply the different departments or members of the firm with reports regularly					
Top management regularly discusses the strengths, weaknesses and strategies of competitors.					
Sales personnel regularly share information with the firm regarding the competitors strategies					
<b>ENVIRONMENTAL SCANNING</b>					
GGL uses the feedback supplied by customers to improve quality					
If a competitor launches a campaign directed to its customers, GGL develops a response to counteract it rapidly					
The firm reacts to changes in the environment rapidly					
In the planning and development of a new product, GGL starts from what is valuable for the customers					
GGL keeps the promises made to its customers					

**C. MANAGING PRODUCT INNOVATION IN GUINNESS GHANA LTD.**

4. What measures has management put in place in order to monitor the success of new or innovated products?

.....  
 .....

5. Do you consider implemented measures to monitor the success of new products effective?

- (a) Yes                      (b) No

Please provide reason(s) for your choice of answer.

.....  
 .....

6. Do you think the right amount of resources (money, people, logistics etc.) are put into the innovation of products?

- (a) Yes      (b) No

Please provide reason(s) for your choice of answer in question 7.

.....  
.....

**THE EFFECTIVENESS OF GUINNESS GHANA LTD. PRODUCT INNOVATION STRATEGIES**

7. How do you rate the effectiveness of Guinness Ghana product innovative strategies?

- (a) Very effective (b) Effective (c) Neutral (d) Very ineffective (e) Ineffective

8. How have these innovative strategies (e.g. introduction of Alvaro) impacted on sales performance?

.....  
.....

9. What are some of the problems staff experience when there is an introduction of new product?

.....  
.....

10. In your opinion, do you think strategies adopted by management improves sales performance?

.....  
.....

11. Will you consider recommending to Guinness Ghana Ltd. the need to continuously improve its products innovation strategies or otherwise?

- (a) Yes (b) No

Please explain your choice of answer for question 12.

.....  
.....

12. Do you have any other suggestion(s) on how the company can improve on its sales?

.....  
.....

## APPENDIX C

### CHECKLIST FOR SENIOR MANAGEMENT

#### UNIVERSITY OF CAPE COAST-CAPE COAST

1. What are some of the product innovation strategies that management often adopt in this company?
2. Does Guinness Ghana Ltd constantly analyse commitment level to serve its customer needs?
3. Does Guinness Ghana Ltd measure customer satisfaction frequently and systematically?
4. Does Guinness Ghana Ltd know its competitors well?
5. How regular does management visit current potential customers regularly?
6. Does GGL frequently study its customers in order to know what products and services they will need in the future?
7. Do you use market investigation study results as a source of information for taking decisions?
8. Does GGL regularly gather market data to be used directly in their product development plans?
9. Does GGL regularly analyse the marketing plans of its competitors?
10. Does GGL frequently evaluates the possible effects of environmental change on its customers?
11. How is the communication flow within the company regarding product innovation?

12. Do the sales team play any role in getting information from customers on your products?
13. How does GGL manage feedback from customers?
14. Does the environment affect product innovation decisions in any way?
15. What measures has management put in place in order to monitor the success of new or innovated products?
16. Do you consider implemented measures to monitor the success of new products effective?
17. Do you think the right amount of resources (money, people, logistics etc.) are put into the innovation of products?
18. How have these innovative strategies (e.g. introduction of Alvaro) impacted on sales performance?
19. What are some of the problems staff experience when there is an introduction of new product?
20. In your opinion, do you think strategies adopted by management improve sales performance?
21. Will you consider recommending to Guinness Ghana Ltd. the need to continuously improve its product innovation strategies or otherwise?
22. Do you have any other suggestion(s) on how the company can improve on its sales?