



# MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FOURTH YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BBA 404: INNOVATION AND NEW PRODUCT DEVELOPMENT

DATE: 23/10/2020

TIME: 2:00 – 4:00 PM

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## INSTRUCTIONS:

**Answer Question one and any other two Questions.**

### **The Nirma Story**

In the early 1970s, when Nirma washing powder was introduced in the low-income market, Hindustan Lever Limited (HLL) reacted in a way typical of many multinational companies. Senior executives were dismissive of the new product: "That is not our market", "We need not be concerned." But very soon, Nirma's success in the detergents market convinced HLL that it really needed to take a closer look at the low-income market.

Starting as a one-product one-man outfit in 1969, Nirma became a Rs. 17 billion company within three decades. The company had multi-locational manufacturing facilities, and a broad product portfolio under an umbrella brand – Nirma. The company's mission to provide, "Better Products, Better Value, Better Living" contributed a great deal to its success. Nirma successfully countered competition from HLL and carved a niche for itself in the lower-end of the detergents and toilet soap market.

The brand name became almost synonymous with low-priced detergents and toilet soaps. However, Nirma realized that it would have to launch products for the upper end of the market to retain its middle class consumers who would graduate to the upper end.

**QUESTION ONE (COMPULSORY) (30 MARKS)**

- a) Discuss any five strategic platform decisions that Hindustan Lever Limited (HLL) faced when launching Nirma as a new product (10 marks)
- b) Assume that Nirma was not successful when it was launched in the market. Discuss five reasons that could have led to its failure (10 marks)
- c) Discuss the principles of universal design that were considered in developing Nirma as a new product (10 marks)

**QUESTION TWO (20 MARKS)**

- a) Creativity brings about innovation which is anchored to new product development. Discuss the barriers to creativity in organizations. (10 marks)
- b) Lulu is planning an evaluation system but she is not sure on the concepts that she should put into consideration. Give her your advice. (10 marks)

**QUESTION THREE (20 MARKS)**

- a) Most marketers find it difficult to carry out a financial analysis for a new product. Discuss why this is so with any five reasons. (10 marks)
- b) Discuss any five contents of a product protocol (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) Discuss the risks that are involved with a rollout in market testing. (10 marks)
- b) The CEO of Raphtech Company has been very adamant with embracing innovation in the running of the company. He has recently started embracing innovation in the firm's operations. Discuss any five drivers to his sudden change of his position (10 marks)

**QUESTION FIVE (20 MARKS)**

- a) Product protocols are used in the development of a new product because of the purposes that they serve. Discuss. (10 marks)
- b) Discuss any five participants in the product management process (10 marks)