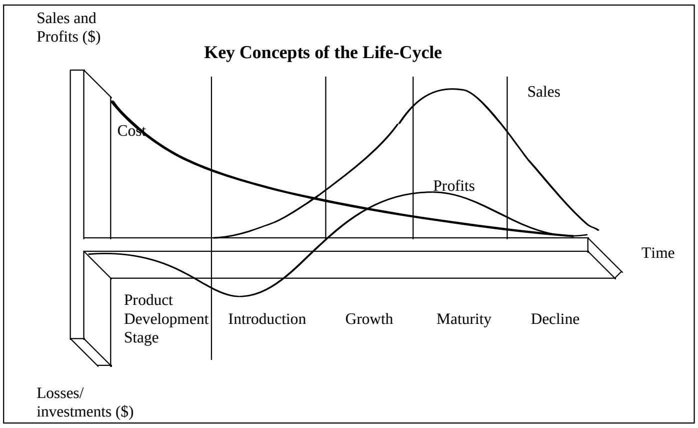
Common Marketing Strategies Appropriate in Product Life Cycle Management



INTRODUCTORY STAGE:
At this time, resources and funding are approved and available to launch the product effectively and according to plan. During this stage, profits are usually negative and the customers are innovators, with competitive responses minimal.

At the end of the Introductory Stage, the product should have been introduced successfully, evidenced by the market developing and accepting the new product (or product enhancement) at a rate determined by the Product Plan. All the issues associated with the product should have been resolved or identified and the foundation laid for the Growth Stage which follows.

There are no hard and fast timelines to measure the Introductory Stage as this depends largely upon the nature of the product, the planned method of introduction (staged, regional, segmented, mass market etc.). Other factors will include whether it is a new or enhanced product with an established customer base, or the expected difficulty of entering the market.

Within six months of product introduction an objective review is required to:
- to identify key elements which impacted the effectiveness of the introduction; and
- to learn from the successes and failures for future introductions.

This review should be carried out by the Product Team and include discussion with the functional areas involved during the introduction, as well as producing a report clearly indicating the actions proposed and whether the product will meet the targets specified in the Product Plan.

COMMON STRATEGIES FOR INTRODUCTION:

Overall	Create awareness, trial the product (R&D and Engineering are critical).
Product	Introduce a basic product.
Price	Use of flexible Cost Plans
Distribution	Selective
Communications	To create an awareness
Manufacturing	Subcontract for short runs, over capacity

GROWTH STAGE:

The Growth Stage requires continued investment, firm direction and control of the activities which drive the success of the product. Overall characteristics are: a rapid growth rate; competition based on quality, range and knowledge; under supply (hard to get); costs falling relative to unit sales; and suppliers widening their customer base.

Profits are usually high and rising, customers are early adopters and competition is growing through a number of imitators. The ability to maximise growth opportunities for the product whilst ensuring the functional areas can support increasing demand without compromising quality, performance, and customer satisfaction requires firm direction and leadership from the Product Team.

Even products launched up to 10 years ago may still be in their Growth Stage due to changing demands of the market, therefore no firm period can be set for this stage. The marketers knowledge of market dynamics, potential and competition will determine when the product reaches Maturity.

COMMON STRATEGIES FOR GROWTH:

Overall	Market share penetration. Need to protect and strengthen niches.
Product	Offer extensions, features and service, tighten line and improve quality.
Price	Market broadening. Match or beat competitors.
Distribution	Build intensive coverage, and develop strong dealer/channel support.
Communications	Stimulate wider trial and maintain consumer franchise.
Manufacturing	Centralise, shift to mass production, under capacity.

MATURITY STAGE:

The emphasis during the Maturity Stage is on protection of the existing market, extending the PLC, improved cost management and simplification of product support procedures to reduce overheads. These strategies need to be undertaken without compromising product quality and maintaining high customer satisfaction levels.

Indicators that the product is in this Stage include: quickly declining or static sales; fierce price competition and specialisation; oversupply; too many competitors; declining upmarket" competition; increasing costs relative to unit sales; and suppliers pushing for volume purchases or extending distribution channels. Profits per unit usually decline or are average, and a competitive shakeout develops.

COMMON STRATEGIES FOR MATURITY:

Overall	Protect share, manage for earnings, emphasise competitive costs.
Product	Diversity of brands and models.
Price	Defensive.
Distribution	Intensive and extensive.
Communications	Stress brand differences and benefits.
Manufacturing	Many short runs, decentralise.

DECLINE & WITHDRAWAL STAGES:

The Decline Stage may be long-lasting and it is therefore important that existing customers do not develop a perception that the current product is not going to be supported.

Indicators that the product may be in decline include declining sales and reduced price competition due to fewer competitors. Competition tends to become based around availability and convenience, and supply becomes sporadic as suppliers leave the market. As well, costs increase relative to unit sales and profitability becomes harder to sustain unless the company dominates the market.

As soon as a formal withdrawal plan is agreed, it should be implemented as soon as possible because rumours tend to "get out," making the existing customer base vulnerable to competition. Whenever possible, the withdrawal plan should include an alternative product customers can migrate to, to gain similar (or enhanced) benefits. Incentives for migration are an option.

During Withdrawal, the PLC requires significant management expertise so that product line and corporate image are not affected. If this stage is managed well only minimal adverse reactions should be experienced.

COMMON STRATEGIES FOR DECLINE & WITHDRAWAL:

Overall	Reduce expenditure.
Product	Phase out weak items.
Price	Maintain profit items.
Distribution	Selective.
Communications	Phase out, maintenance only.
Manufacturing	Revert to sub-contracting.