

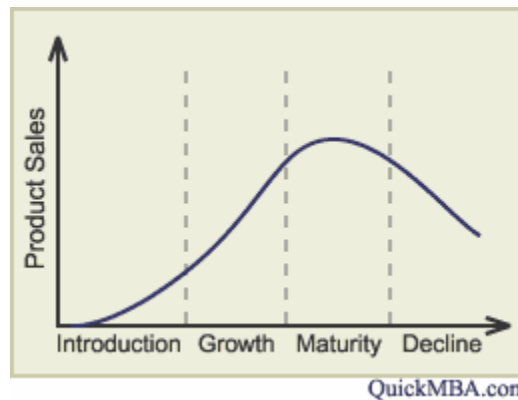
TABLE OF CONTENTS

<i>Title</i>	<i>Page</i>
Question Paper	1
Answer 1	2
Reference	8
Softcopy	9

Assignment 1,

Is “Product Lifecycle Model” an important tool for contemporary organization?

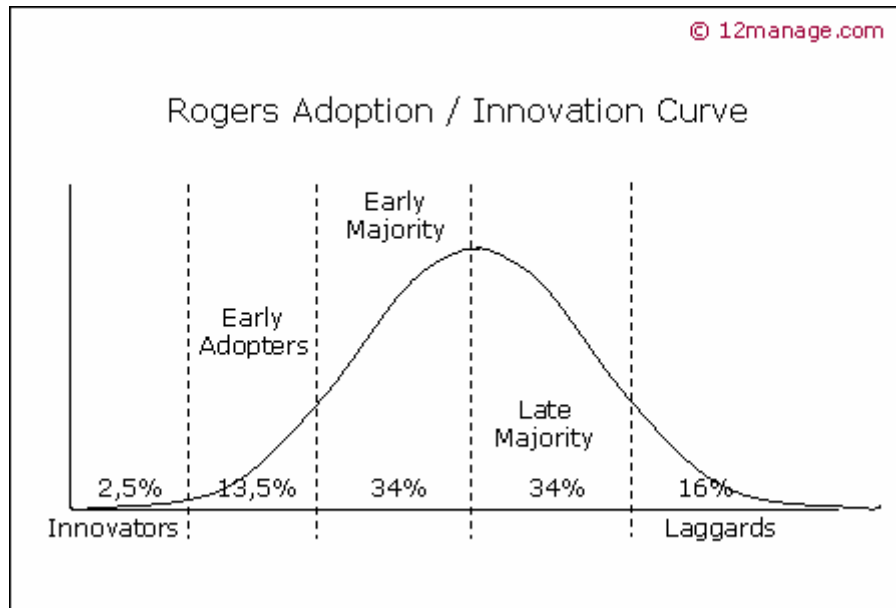
Product Lifecycle Model can be said as life of a product. It is mainly on how it was made and brought into the market slowly and how the demand increase and finally the demand decrease until the product is not accepted in the market or producing waste of resources to the company. Product lifecycle has 4 main stages which is introduction, growth, maturity, and decline. Each of the stage is different to each other which can be differentiated using Marketing 4 P's concept. The 4 P's are the product, pricing, promotion and placement. I would generalize the Product Lifecycle Model as basic need for each firm to consider and watch carefully when launching new product to the market.



Product Lifecycle Diagram, adopted from QuikMBA.com

Product lifecycle is actually similar to a birth and death of people but in this case, we are actually considering the product' birth and death. When a new product brought to market, there is no assurance that the product will be accepted by the public who are our potential customers. To make sure the product is accepted and able to place strong in the market and competitive to the other products. For this, the 4 P's will be used softly and implement into the introduction progress. At the same time, Roger's Innovation Adoption Curve also connected to the product life-cycle. This is because, Roger's adoption curve

helps the firm to understand about the product life-cycle on why the sales are low at beginning, then why sales boost up in the middle and finally why do it loss out from the market at the ending. The answer that Roger gave to all these questions is “innovation adoption” and his curve explains it all as the product life-cycle does.



Rogers Adoption Innovation Curve, adopted from 12manage.com

Let's assume we are going to lunch new product X to the market, first of all we will make sure it is patent protected by intellectual property law to avoid the product from being copied by others. And the pricing, we will set it low penetration pricing although it will bring a little loss in term of finance because we could not set the product similar to our competitor product as the product is still new and not assured that people will accept it. Thus we will only place the product in certain market as it is still new in the market. Certain market means a selected area of distribution. For example, if our product can be marketed Malaysia wide, but as in introduction stage, we will just make it available at Selangor state. Next is the product promotion, for this issue, we will actually focusing or targeting our potential customers specifically after narrow segmentation. For

example, if it is a shampoo product then we will focus to promote to housewives and target them to test our product. Their acceptance of the product will give the product an assurance that it has the growth potential. I prefer to say this stage as the birth of the product. When a new product introduced to market, only the few people will be brave enough to purchase and try out this new product. These few brave peoples are explained as ‘innovators’ in the adoption curve by Roger and it is true.

At the next stage of introduction, it is the growth stage. In this stage, there will be slightly high in term of placement and promotion. The product quality will be maintained and customer service will be given attention. The pricing of it can be remained low to encourage continues acceptance in the market or it can be increased in small amount to cover the cost of high promotion. At this stage, the promotion will be given more attention and high spending to establish the product branding. Besides this, the product placement or distribution channels will be higher. For example we might push it to Malaysia wide market as we know the market is accepting our new product. This is the most risky stage because if we made mistake in term of pricing or promotion, the demand for the product will fall drastically. I will define this stage as the acceptance of product in broader market. The buyers of this stage was identified as the ‘Early Adopters’ by Rogers adoption curve as this people are willing and interested to try out the product in a careful manner.

After a product well established in the market and its demand reaches its optimum level of sales, it will now be considered as in maturity level. In this level, the rapid growth in the sales volume will now be moderated and be in level. It will touch its optimum sales volume. But it won’t retain giving the optimum sales for long but only for

limited certain period only. Thereof the promotion will be decreased. When we know our product reaching its optimum level and won't generate sales volume more than that then of course no point in spending for any further promotions or advertisements. The firm will most probably leave the product in action and see it touching optimum sales volume. The product sales will reach to optimum and this is due to the 'Early Majority' peoples who adopt the product just right in time. Many peoples are in this category of adoption and therefore a high sales and increase in volume is clear to he firm. This is a stage where the firm will be alert and care of. We know the product sales are now optimum and that is its maximum capability of generating revenue for our firm, and what should be next if now modifying this current product features to be enhanced in the market to continue generate volume. The feature of the product can be enhanced by value adding the product and make it retain interesting in each customer's heart and make them to feel comfortable continue purchasing that same product. Those buyer of this feature enhanced product is named as 'Late Majority' by Rogers adoption curve because these peoples only use the product or accept the product after majority of people started to use and accept that product. But if the firm failed to maintain the product interest in the market by adding additional features or value add then no further assurance for the product to be in the market. Thus it will now drop off to decline stage.

In decline stage, the sales volume and drop off drastically. And the worst side of it is, the firm might face financial problems or loss in term of market share and finance due to high cost in producing the product while it is just generating small amount of revenue. But there will still be small amount of sales volume because the buyers of this stage are classified as 'Laggards' as these small amount of people are considered as traditional

people and only obey to accept the product while the others are rejecting or bored of it. In interest to avoid financial loss, the firm will try to kill the product in the market by suddenly stopping all its production and distribution. The product will be lost from the market and be a question mark. But this will be not being the ending for the firm. The firm will firstly study the market's need and demand once again and produce a new product under new branding or style of packaging.

Getting back to the questioned issue, the product lifecycle model is very important tool for all organization regardless to what industry it is in or how contemporary firm it is. I prefer to say it's a tool of empowering our own product in the market. When any organization launches its new product, they could know what the age of the product is and how far it can grow further in the market. While the adoption curve will make it simple to expect the sales volume to increase as the different level of innovation adopters passes through the product growth which explained in Rogers Innovation Adoption curve. We know a baby will grow, and we also must know and agree that a product will also grow. Growth of product here doesn't refer to the physical growth but the growth to its 4Ps factor. The 4Ps are pricing of the product, packaging and feature of the product, promotion of the product and finally position of the product. Each of the P is the characteristic that the product can show its growth. Let's go a step deep in the 4P's growth. A product will firstly launched into the market in term of testing of acceptance and therefore the packaging of the product will be unique, attractive and small in quantity. For example, if it is a shampoo product then the first packaging when it was launched to the market it will only available in 100 milliliter. This is the baby stage, later when it grow, the packaging will be little large or high in quantity whereas 1 liter

packaging will be available. The next P is the pricing. When the product launched, it will set to low penetration price to increase the public to buy and test our product at their low price. But later, when the growth happens and demands constantly increase, the firm will not fear to slightly increase the price as mentioned before. This shows the growth in term of pricing. Next P is the promotion. When product launched into the market, the promotion will be overload to create brand awareness. Because then only the public will build trust to but and test our product for the first time. If the brand is not well known then it won't encourage them to put afford to test out our product. Brand plays important role as it can be brought into attention by higher promotions and advertisement. This shows the growth of promotions. Next P is the placement. As explained earlier, when new product brought into the market, the marketing firm will first make it only available to a small or targeted area. This is because it is safe to identify either the public will accept our product or not. If they accepted in that small area of distribution then only the firm will make it available in many other places by increasing the distribution channels.

Conclusion is a contemporary organization of course needs to consider the product lifecycle model which is the main and back bone of the product in term of analyzing that product market and its play in the market. At the same time the adoption curve can help them to understand the sales volume growth. Product life-cycle and adoption curve are important tools to contemporary organization.

References:

1. QuickMBA Article, 2006, 'The Product Life Cycle', Internet Center for Management and Business Administration, Inc. ("ICMBA"), viewed 1 March 2007, <<http://www.quickmba.com/marketing/product/lifecycle/>>
2. allPM, 14 June 2004, 'Theme of allPM.com PM Tips of the Day for June', International Institute for Learning, Inc., viewed 1 March 2007, <<http://allpm.com/modules.php?op=modload&name=News&file=article&sid=1084>>.
3. Levitt, Fox, Wasson, Hofer, Anderson & Zeithaml, Hill & Jones, 1965, 'Analyzing Industry maturity stages & Explanation of Product Life Cycle', 12manage - Online Executive Education, viewed 5 April 2007, <http://www.12manage.com/methods_product_life_cycle.html>
4. Everett Rogers, Republished on 2005, 'Analyse the rate at which innovations are adopted & Explanation of Innovation Adoption Curve', 12manage - Online Executive Education, viewed 5 April 2007, <http://www.12manage.com/methods_rogers_innovation_adoption_curve.html >
5. Rogers, Everett M., 2003, Diffusion of Innovation, Fifth Edition, New York, NY: Free Press.
6. Nic Mitham, 30 December 2006, 'The technology adoption curve', K Zero Ltd, viewed 5 April 2007, <<http://www.kzero.co.uk/blog/?p=216> >
7. CRM Today Article, 22 January 2003, 'Product Life-Cycle Management Adoption is Critical for Manufacturing Business Success', Contact Solutions Ltd, viewed 5 April 2007, <<http://www.crm2day.com/news/crm/EpuFkkFkupqdhCagnW.php>>
8. Moore, G. A., 1991, 'The Technology Adoption Life-cycle', Crossing the Chasm, HarperBusiness, New York, viewed 5 April 2007, <<http://ist-socrates.berkeley.edu/~fmb/articles/lifecycle/>> (Republished article)
9. Michael Mace, 2005, 'How to Map the Future and Outwit Your Competitors', Rubicon Consulting, Inc., viewed 5 April 2007, <http://www.rubiconconsulting.com/thinking/whitepaper/2006/06/excerpts_from_stop_flying_blin.html>

Softcopy of this assignment: