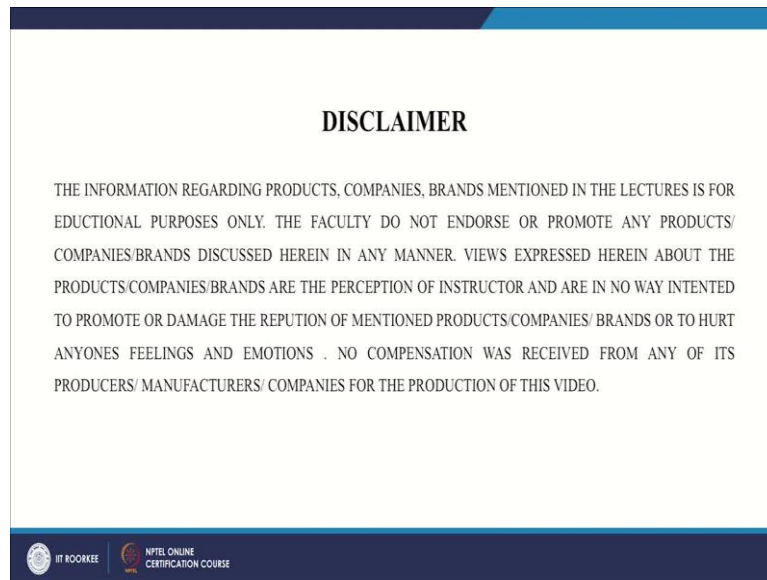


Product and Brand Management
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Lecture: 15
Product Life Cycle – III

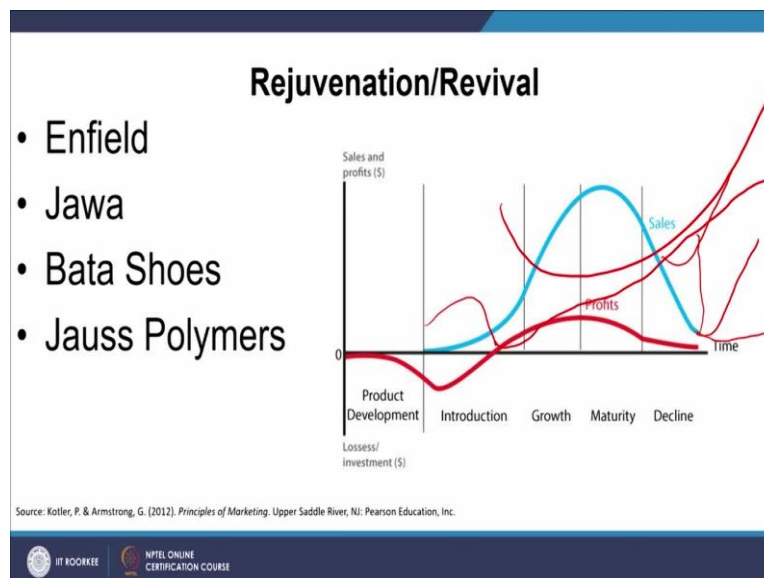
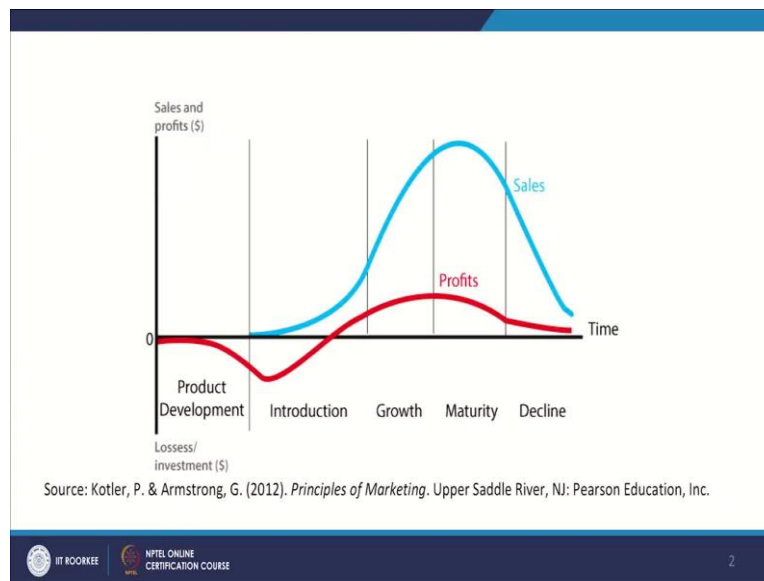
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Hello friends, welcome back to Product and Brand Management. A very important section of the product life cycle, which we have been discussing for the past couple of sessions wherein we talked about different important stages of the product life cycle and try to understand how we should be thinking in terms of different aspects during different life cycle stages.

Carrying forward from that particular discussion, I would be adding, I should not be saying specific stages, you may think of these as additional insights based on research, and analysis. To substantiate we can call them equivalent to stages because they are not yet technically established as stages if you would say by literature or acceptance in contemporary marketing literature goes. I would refrain from calling these specific stages but, we have to look at them as if it is happening.

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I will be focusing on the tail end first, wherein, as you would notice this blue line and this graph we have seen earlier as well. Now, imagine some products, which have declined and I would not go once again into that discussion of thinking about scenarios, that is in terms of product, a product as a brand and so on. But still, one must remember that and why I would be talking about that in my subsequent discussions in the brand and as well as later, when I would be talking about some of these examples. When we look at this last end, wherein decline is evident, sales have dipped, and I will not talk about that particular stage anymore, many organizations have tried, let us choose a red colour to mark this, to do something of this sort many times. This can be done from this stage as well, many times this can be this way also. Something this part is a little flattened up and then it goes up from this side (please refer to picture above). In many cases, it happens and this you may term as rejuvenation or revival,

and as I said, it is not an established term in contemporary marketing literature. This term was suggested by me and Professor Rajat Agarwal and Professor Vinay K. Nangia in one of our case studies, which we published on an organization called Jauss Polymers.

The case study is available at the Case Centre which is a repository and it is available there. It is a primary research-based case study, wherein we studied this organization and several others, but we focused upon this organization as the main focal point of that case study and we tried to understand what organizations do if they want to revive that product and how they do that? This revival stage for the rejuvenation of a product and a brand is an effortful exercise, though it is wonderful.

The desire to revive a product is based on 2- 3 elements which you should be taking note of as of now. The first element might be in terms of the brand strength, the brand image in totality, and brand equity, which that product may have enjoyed. Then there can be a situation where in that strength, that equity is supported by the fact that the customers still want that product even after discontinuation or exit. The market feedback tells you that they want this product although many times you would realize, that has not completely been exited. Many times, it is on the verge of exit and many times it has gone away, it is not there and even the retailers and the dealers are vanishing, shops are getting closed, and so on.

It can happen in any of the cases basically, and I will be talking about a few of those, and I will not be specifically suggesting to you with the data what exactly was the stage of these products in terms of where they completely exited or were they exiting, but that is not the point of discussion here. The point of discussion here is that these products can be revived and how and why should we be doing this is the point of concentration.

For example, Royal Enfield, a very established product in India. People enjoyed it. It had a very distinct, significant positioning, a very established target segment and several aspirations around this product. One of the models of the Enfield 'The Bullet' was very famous. Police personnel, army people, several others, and even college students in some of the movies you would see in earlier days used it, and it was a very enjoyable ride for the people who actually used this product.

Then there was a whole lot of a value chain associated with the product service stations, and then local mechanics who were experts in dealing with this product, lots of availability of parts, and so on. The product was doing well. Suddenly, the scenario started changing.

We have talked about these kinds of things, where competition is one of those elements. You can just watch the last videos, where in different stages of growth and earlier videos, where various elements have been discussed.

An era started flowing in wherein people started focusing on different variants with that slightly lesser power, but then lots of other features and advantages and so on. Multinationals started coming in with joint ventures in India, and somehow heavy motorcycles or let us say, whichever category you may look at it, as far as Enfield goes to me is a heavy motorcycle. Those kinds of models started receding back and as it happens, when it gets triggered, then customer response becomes slow, despite the fact that it is a good product. Alternatives become prominent, and the intensity of the existing product starts getting low.

If you analyze, you would realize that it might have been a stage where an organization could have strengthened their marketing communication. They could have gone for add-on features, or they could have gone for several other things, but somehow it did not happen. After a few years, today if you look at this product, huge market acceptance, strong revival, very good growth and it is all over the market once again with several variants, and good models, and then it has started establishing its inroads in different kinds of segments for specific targets. Academicians have started preferring this motorcycle, and several other people who did not prefer heavy motorcycles started coming in. In due course of time, it has started focusing on different age groups as well. It is not specific to any age group now. That is how it is revived, and it has already been rejuvenated. I should say, it has revived. This is precisely what I am talking about.

Another very important example is if you would look at Java. This motorcycle again was having, was enjoying a very good market status. It was under good growth, but somehow, due to competition or let us say not pursuing the important innovative aspect which an organization should do at a particular kind of stage, this motorcycle started plummeting down. The model started getting off and then the story went along the same way, it also enjoyed a very specific target segment. Now it is again reviving, Java is reviving. It has picked up. I should say as I can observe, I still have to fetch the data on that, you can do that through different kinds of sources, but Enfield has definitely picked up.

Here we are talking of products which have faced decline. Then several shoes from Bata's kind of I should say collection. Several shoes dipped down. Today, Bata is an organization that has also changed its aggressiveness in terms of growth, I would not specifically say with

conformity, but some maturity was there. There was a sign of dipping down in terms of sales, which has to be cross-checked through the data which is available. If I am wrong at this point in terms of it's slipping off from the maturity stage, but still there was a maturity stage. After that, they decided to pick up and focused on the overall product mix along the line, along the width and so on. We talked about these terms earlier as well and I will be mentioning these terms when we will be talking of strategies associated with product management strategies for that matter.

Bata actually changed its trajectory and several products associated with Bata have started reviving. Many shoes, many models, were in decline. I remember a few of those. So, you can cross-check those names, I would not specifically mention those here, because that is not advisable to say anything specific without the support of exact data here.

Talking about Jauss Polymers, now, this is a different kind of an example. I have chosen to discuss this example at the last amongst all these 4 examples, which I am talking about in terms of rejuvenation and revival because this example cannot exactly fall into the product lifecycle situation of introduction, growth, maturity and decline. This may also not fall into the category of the next stage of a saddle which we will be discussing after this.

There are some examples where in the initiation of a product is there and there is observable growth, I should say leave aside maturity and sudden also decline comes into the picture. Jauss Polymers are one of those cases wherein, this organization initiated one of the initial efforts for bringing in PET (polyethylene terephthalate) bottles and jars in the Indian market, that is today's plastic bottles you see.

This product basically was not there at all and some of the organizations started working on that. For a detailed story you can look at our case study, but again the point is that this organization came and there were several kinds of reasons, which were technological also, and related to market forecasting also. But, it was largely related to foreseeing the situation because the market was ripe, and there was a huge potential in terms of growth. Organizations which managed their growth well, for example, Pearlpet did very well, they became a brand in themselves. But, here this organization picked up, they had a promising market in front of them, they went ahead with good production and many things went wrong for them, and suddenly, they declined.

Most of the part of the rest of the journey was spent on revival which was the largest part of their PLC should I say. They went for so many technological adaptations, they went for so many production-related adaptations and augmentations and they went for so much of marketing efforts. Despite losses, they kept struggling and then came out of losses and finally got out of the business still, that organization might be working with some other products or brands or whatever is feasible for them right away. Till we studied, they were on the verge of coming out or at that time, they just came out of their losses, and they revived themselves.

For them, this revival stage was, if you will just allow me to sort of put up this mark here at the introduction phase, somehow, they went this way, and then suddenly declined (please see the picture). And just, you can look at this introduction as decline itself, and then they started spending the whole of their lifetime in revival more or less. The story starts from here and it goes to the revival stage basically. Just to give you a fresh look just on this introduction line, I will mark the introduction and then they went this way and then a sharp decline or and then they spent lots of time or you can think of going this or this way also kind of (please see the picture). They took many years to actually revive their product. A very promising market and by the time they revived, the prices shrunk, the competition was too high, and the margins got low and so on. Many PET organizations put themselves near their clientele so that they can become an integrated part of their production system.

That is where a rejuvenation stage is talked about. There are several examples you would observe, wherein, revival is focused upon in today's era when the capability of technology and the capability of organizations is getting higher day by day. Organizations tend to focus upon as I said, 2- 3 elements, if the customer wants that, if the leadership is committed to bringing that product which was once successful back to the customer and if requests for or suggests for customer's acceptance, that can also be the reason or let us say the market is in the initial phases and that this product can do well because the industry has a long way to go. The industry where the product belongs has to go a long way in terms of the growth period. You can catch up with the industry in due course of time. There can be several reasons and so on. Again, when you talk of as far as categories in terms of sales, for enhancing sales, you have to win customer's confidence. For enhancing customer confidence, because you are already under losses you cannot go for aggressive advertising. It requires lots of costs and retailers might be sceptical to put up their resources with you because there has to be a promise of sales. You must bank upon the intensity and strength of the product and the commitment you had in the earlier days of the product. These two things are the focal points,

and then you have to rejuvenate from the point where you left the growth levels, actually the growth point. When I say growth point because that was the point where you started earning. Your maturity or stagnation should I say is not very appropriate, as you are leaving growth. So, you have to rejuvenate that era with the same kind of commitment, with the same kind of intensity and with the confidence of the customers, retail partners, service partners and so on.

To revive that, you have to focus in terms on the mix of integrated marketing communication, which is not largely advertising. It has to be there, but that is a costly part and so on. Sales intensity has to be focused upon, and competitors again have to be looked upon with reference to bypassing them rather than going head-on with them. You have to revive the uniqueness. You see the product was already known, but you have to put up the uniqueness in terms of competition in comparison to the competition. There are other elements as well like the price has to be high. It cannot be too low, because that will become the reason for as far as your revival when your revenue would be earning kind of profits for you.

That has to be cautiously decided, but again, that should be acceptable in lieu of the trust, you would be rejuvenating in terms of the product. Examples I have already discussed with you and that is how rejuvenation has to be seen. Now, a very important call that one has to take in terms of rejuvenation and revival is that in today's competitive era, should we be focusing so intensely on a product. That is the magic of product lifecycle understanding actually. If you feel that the same cycle of growth can be rejuvenated, then only we must focus. I will not take you into the details of how marketing research or forecasting is done in terms of analyzing that same cycle but there is a whole lot of an evaluative methodology associated with bringing that thing on board. I may refer to that later on, whenever feasible, at this moment however we are focusing on lifecycle stages.

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Saddle effect in product life cycle

- A “saddle” is a phenomenon characterized by a sudden, sustained, and deep drop in sales of a new product, after a period of rapid growth following takeoff, followed by a gradual recovery to the former peak.
- Such declines may have adverse consequences for managers of new products, who may have overcommitted manufacturing capacity, build large inventories, or expand their sales staff during the period of growth.
- A saddle have two boundary points of the saddle: start and recovery: The “start of the saddle” is the first year of decreasing product sales, and “recovery” is the first year in which sales cross the prior initial peak.

Source: Chandrasekaran, D., & Tellis, G. J. (2011). Getting a Grip on the Saddle: Chasms or Cycles? *Journal of Marketing*, 75(4), 21–34. <https://doi.org/10.1509/jmkg.75.4.21>

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Now, I would be focusing on another stage, which is sort of an intermediary section between growth and growth should I say. That is what you call saddle and saddle effect in product lifecycle has been discussed by many thinkers and authors. Here we are referring to the paper of Chandrasekharan and Tellis published in 2011.

This paper is a very important research that talks about a saddle, a phenomenon characterized by a sudden sustained and deep drop in sales of the new product after a period of rapid growth following takeoff, followed by a gradual recovery to the former peak that is somewhere a dip between growth.

Such declines may have adverse consequences for managers of new products, who may have overcommitted manufacturing capacity, built large inventories or expand their sales staff during the period of growth. You know the potential of the market, you know the potential of the product, and your brand strength. If it is an existing product or existing brand and you are working with that particular brand name, or the product is new and it has a promise and so on, you plan for the future and that is obvious, but this paper talks that one has to be cautious because there would be a stage after a particular trajectory of growth wherein the sales would dip sharply.

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That is where you have to analyze and plan that you should not over-commit in terms of resources. It is a very important thing, because once you have gone for that and imagine that, you are not such kind of an organization which can sustain all sorts of cost. There would be a debacle and that is where we have seen in many cases that organizations offer themselves for sale. They offer their brands for sale and they put off their organizations completely many times because somehow there is a potential the product is well accepted, you are doing good, but a saddle situation comes in and you are unable to sustain that.

Organizations which are strong in terms of as far as their product mix goes have a total revenue which is higher. They can offset the cost of this stage in the case of one product by

the sales volume and the sales revenue from the other products in total. They can manage the costs should I say, and then they sustain that.

Having said this, the paper further says that the saddle has two boundary points, start and recovery. The start of a saddle is the first year of decreasing product sales and recovery is the first year in which sales crossed the prior initial peak of growth. Why do you call this the peak of growth? At that particular moment, the peak of growth in totality comes in when products actually have crossed the saddle stage and you further go towards growth. Here, that peak of growth means, the first stage of growth when it starts dipping and then it comes to the next kind of a stage.

This is how the saddle looks actually. It is a clear curve dip, which you witnessed here in terms of sales. It has happened with many products, as the paper says, I will be elaborating on details of the saddle and the aspects associated with a saddle with 1 or 2 interesting examples while suggesting the fact and as authors have also observed that, it comes from a large number of products.

It is important for us, the students of marketing, people like you who are future marketers, to understand this so as to conceive a scope for that. That is where you would be able to save lots of cost in terms of, for example, integrated marketing communication because you would not be communicating too much in terms of advertising while saving that particular cost and utilizing that when the saddle starts and the growth starts dipping.

You may also hold the high confidence levels of your retail partners at the time of the growth and give them some terms. Hence, when the saddle begins, they stay with you. These are some of those very important things, which a marketer can think of, by conceiving the fact that a saddle may come. I will be elaborating upon this and then I will be going up on some very brief insight on that. Should PLC be followed, as it has always been or there can be other ways to think about that? I will go for a very brief mention of that. I talked about that paper earlier as well. After that, I will be taking you towards a mutual, beautiful type of a relationship between product, price, place and promotion, because that would be the beginning of our discussion on future category analysis, customer analysis, product strategy, and so on. Stay with me. Till then, goodbye.