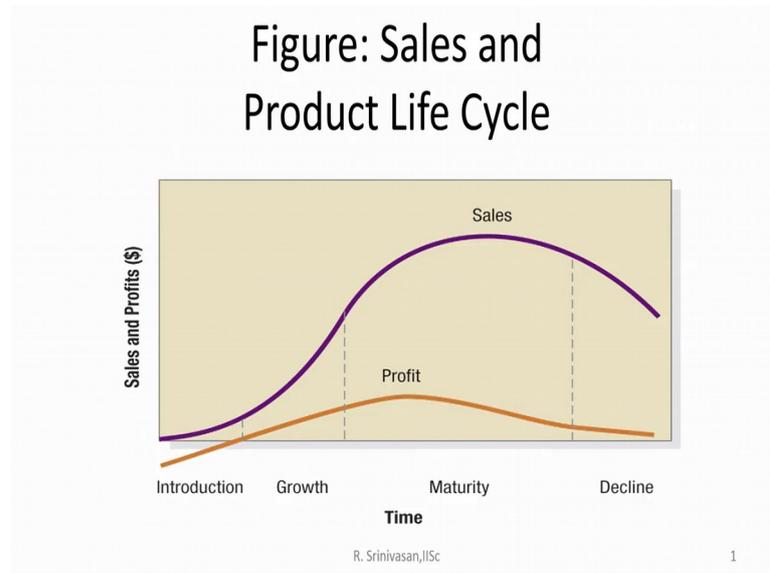


Integrated Marketing Management
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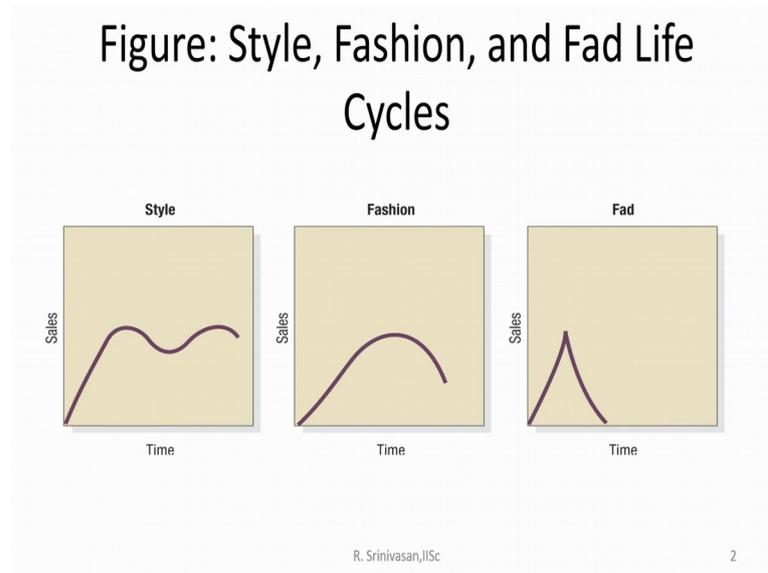
Lecture - 22
PLC continued

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Kotler has represented the sales and product level welcome again. The Kotler has represented the sales and product life cycle in this manner. Kindly see this, he has represented through this black line representing the sales, the red line representing the profits. And you are having the four stages; introduction, growth, maturity, and decline anyway. So, the sales revenue and the profits have to be represented when you are looking at product life cycle ok.

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Then the next thing is in the market you are having three types of scenarios; one is somebody might be using a product for the style. So, if you look at the examples of 70s and early 80s; the film stars used to use a cube type of a pant ok. It used to become what do you call very tight at when it used to come to his legs.

So, many times people used to wonder how they are putting this pant, but it was the style which was there in the market place which was characterized by these film stars. So, many people who used to see this films try to imitate them, others used to laugh at them how they are putting these pants.

So, this is in the third second stage is some things become fashion. So, this is what is called the fashion market which I gave you an example of in the initial stages the Paris market. So, this Paris market where one girl whose skirt had got torn and this torn piece was really sweeping the road. Paris market being what it is the others who saw that they thought that this is the new fashion.

So, there were so many torn pieces of skirt sweeping the road from the next day onwards, so many of these fashions are also there. The third is what is called a fad; what is a fad? A fad is the product comes in to the market place picks and immediately goes off ok. May be the heroine used a particular saree for a particular sequence in that film and that saree was what do you call a very hit big hit with the audience.

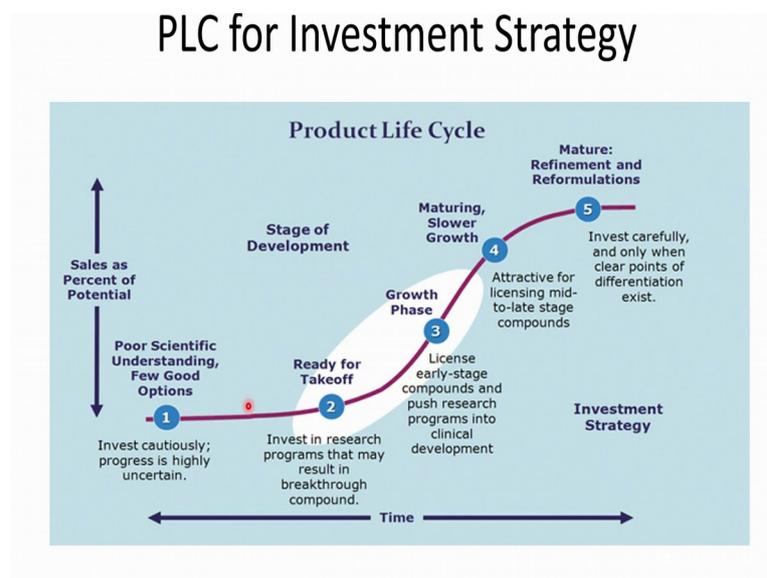
Now, so, the company or the firm which was manufacturing these carries found that the sales of these sarees all of us sudden had registered a peak. Now, after the film has gone along with the film the saree sales might also go. So, it was a fad during this peak of the film; after the peak of the film to find this fad is slowly giving way, it is not exactly slow it is infect very fast.

So, if you look at if you trace the life sales cycle for all these style, fashion, and fads. You find that this style is having a longer life, when you come to fashion you find that the fashion is having a short row one, and the fad is in fact, even more shorter. So, this is the one which really the fad is a one which goes of very fast and when it goes of very fast you have to be very careful style a little longer.

Another aspect of the style is a style might go away from the market during a particular period, but it may reenter the market also; so, you can see this with reference to women's fashion also. So, take the example of the blouses, the once which at one period you found that the blouses where short, after sometime the blouses became long that became the style.

Now, after sometime again the this blouses became short, all these types of things are very common. It may make an entry, it may go away, but a style make a reentry, so this is the type of thing which happens in the product life cycle.

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So, if you look at the product life cycle from the investment strategy point of view. Look at it, so suppose you are looking at sales as percent of potential; whether you should invest or not invested. Suppose, you find that this product which is having introduced into the market place, it is done with poor scientific understanding it has got very few good options then what should you do?

This is all these which we are talking of is how in angle investor looks at; suppose you are a startup company and you look for funding. So, that angle investor initially invest in a he considers for investment your company that startup company, how does he do that? He may invest initially is cautiously, because an angel investor should be prepare to write of his investment.

So, there is no guarantee for his investment, suppose they startup fails then that investment is gone it cannot be recovered from the entrepreneur. Because, the entrepreneur himself is a broke person at that point of time. So, the angel investor he normally follows the route that is investing cautiously; then he does not know what is a progress, whether it will click or not click.

Take the example of Uber; the owner of Uber does not own any of the taxis he is not a he is not that taxi owner of all is fleet so many fleets. Many of these drivers are the owners of the cars which they are driving; they drive you to different destinations. And Uber operates through a dynamic analytic software it controls all these people through this and has made a wonderful mark in the market place.

So, in order to take on Uber in the Indian market you had Ola and Ola was not having that type of a potential to take on Uber. Now, a lot of financial muscle has got inducted into Ola through the investments of the Tata house that is a Ratan Tata, saying that I will invest in Ola. Now, the result is you have a very stiff competition between Ola and this Uber.

So, second stage is where you invest in research programs that result in breakthrough compound. So, something if breaking through say a this is we take the example of the Ganga cleaning, the cleaning of the Ganges not a simple job. How do you clean such a big river like Ganges; added to that the pollute ends which are put into Ganges the dirty sewage waters which are getting mixed.

So, suppose Ganges is supposed to be the one which cures according to Hindu believe, it cures or absolves people of all there since once you take a bath in the river Ganges. Yes, when the Ganges comes from the Himalayas, it is very pure press time pure looks wonderful. But, when it comes down to the plains you find that Ganges is not looking that pure, many times you wonder should you take bath in this water of the Ganges what is likely it will happen.

So, this is, so the cleaning of the Ganges the river Ganges is the very big challenges, suppose some form is able to do that. So, there are many attempts being made, how they are being made? They want to first tryout with small tanks, whether it can be cleaned some well water. Whether it can be cleaned for a, suppose some well water was being used only for limited purposes like what do you call washing, things like that.

Can it be purified to make it suitable for cooking, and then can it be purified further to make it suitable for drinking some of the well waters. So, these are the things which or coming under break through research many of the youngsters are involved in this type of break through research. So, in this stage of development, so when it is ready for takeoff companies would be investing in this types of break through products.

The third is when it grows; when it grows it is license early stage compounds and they push research programs into clinical development. So, you get your what do you call returns coming into the from the market place, so the investors are likely to be happy here. So, when it comes to maturity you find that the growth is slower, but it is attractive for licensing mid to late stage compounds. When it comes to real mature you find refinement and reformulations that is investing carefully and only when clear points of differentiation exist.

So, if you want to invest in that form which is already in a mature market, when would you do that? You find there is differentiation between product A and product B which can be easily found out by the consumer. Suppose you have to look at a Honda City car, make a comparison of the Honda City car with other cars like Ford or some other brands which are in the market place, like your Maruti Ciaz and all.

You can differentiate the Honda City car on the shear performance, and you will you are likely to come to the conclusion Honda City is the best petrol car that you can think of in the market place. So, even though it is a mature market, suppose an investor is willing to

do that he does it only on the points of differentiation clear points of differentiation. So, this is what we the companies look at that is a PLC for investment strategy.

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P-L-C contd..

Preplanning/forecasting the slope and duration of a new product's life
Can be helpful for important strategic & tactical moves after product's entry into market-creates valuable lead time (ex: electronic items)

Product complexity, more distinctive its newness, greater the no. Of persons influencing a single buying decision, less influenced by fashion, more costly, The greater the shift in the customer's usual way of doing things - these slow things up & create problems

Favorable first experience – dis-proportionately favorable publicity;
Poor first experience- questions on channels of distribution.

Pricing decisions - crucial: should it be initial high price (skim the cream) or low price (Execution-discourage potential competition)- depends on probable length of the product's life cycle, patent Protection, capital needed, demand elasticity, etc.

Strategies: creating more frequent and varied usage among current users, new uses for the 'basic' materials (ex: nylon)

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So, whether he is a angel investor or another investing company, he goes through these different stages, makes his decisions for this investment. Now, I further a little more, what does the PLC really do? If you really see it does preplanning, it does the forecast and slope forecasting the slope and duration of the new products life.

For the manager it can be helpful for important strategic and tactical moves after the products entry into the market. In other words if you are a keen watcher of the market you get this wonderful lead time to change your products, change your product items or the product lines whatever it is; the best example for this is the electronic item.

Suppose your product is very complex that is product complex complexity, suppose your product is very new that is more distinctive in its use newness. Greater the number of persons influencing a single buying decision, less influenced by fashion, more costly. The greater they shift in the customer's usual way of doing things, so you are used to operating a product in a particular manner take your slim line telephones.

Many of them change the buttons that is the different producers of these slim line phones, some of these redial buttons. You find some of them at the bottom of the phone in some others you find it at the top of the this thing.

So, you should if you are a user of the phone where you are pressing at the bottom for the redial, suppose it is at the top you find the bottom press of their button can be some other function, these slow things up and create problems. So, you should not keep on what do you call troubling the user with so many new adoption ok. I have put my this thing this redial buttons at a different place usual convention used to be at the bottom right hand corner, it is not at the bottom right hand corner. Suppose you say it is at the bottom left hand corner also that can also create problems.

Similarly, one brand of car has a different method of putting the reverse gear. When all the other brands are following a one convention this particular brand follows a different one. And accidentally you should not be taken in on this usual convention, because this you may find that your really going into the reverse mode in this particular brand of car. Sometimes in a very tight traffic situation can be dangerous as well.

Suppose your product finds that it gets a favorable first experience in the market, then what is going to happen? You are going to have a disproportionately favorable publicity. So, you are going to click in a market place, your sales are going to improve very fast, and you may find that you are in cloud 9 very soon. So, but in the market you should also be very careful this cloud 9 may become cloud 0 very fast.

So, suppose it is a poor first experience, then you suppose you thought that your product is very good. Then you start questioning the channels of distribution how did this fellow distribute the product, was it available when it was required all those types of things. Now, when you look at these products and the PLC a very important factor which comes in his what is called the pricing decisions, how do you price your product? Should it be initial high price because you may be the first introducer of the product into the market place.

So, you may say I am the first introducer of the product into the market place I would be interested in charging a higher price, then you are looking at skimming the cream in the market place. Now, you may adopt though you are a the producer of the product introducing it for the first time you may still adopt a low price that is where you want to discourage potential competition.

You are the developer of the product still you want to give it at a low price then what happens. Suppose somebody wants to compete with you will have to think many times

before he says whether I can produce and a product which is which at the same price which is being given. What is this called? This is called cost effective strategies in the market place.

So, this cost effective strategies in the market place are some of the things which many forms are now practicing in India also due to intense competition which is coming in. So, this all these depends on the probable length of the products life cycle, patent protection, the capital needed, demand elasticity etcetera.

So, if you are looking at this types of pricing decisions which are very crucial for the form, you have to look at devising strategies that is the pricing strategies. How do you do that? You have to look at creating more frequent and varied usage among current users, new users, new uses for the basic material. Have taken the example of nylon, nylon is a what do you call a basic nylon is a chemical product.

But then what did this basic material they changed the uses for this you have a nylon rope, you have a nylon ribbon all those types of things which came in. And the one of these well known companies had a brand ambassador in this famous cricketer Sunil Gavaskar, and this company made a huge mark in the Bombay market place who came. So, this what did they do they change they brought a new uses for the basic material nylon in the market place.

So, in other words when you are looking at pricing decisions which are crucial, whether it should be initial high price or low price it depends on the probable length of the products life cycle, the patent protection, the capital needed demand elasticity. So, in order to adopt different strategies for this pricing you create more frequent and varied usage among current users, new users, new users, and new uses for the basic material. Example that is taken is that of nylon, we stop here we continue in the next class.

Thank you.