MARKETING STRATEGY IN LIFE CYCLE PRODUCTS

Nurani
E-mail: nurani@unita.ac.id
Tulungagung University
Ki Mangunsarkoro, Beji,Tulungagung, Jawa Timur, Indonesia

Mokhamad Eldon
E-mail: mokhamad.eldon@unita.ac.id
Tulungagung University
Ki Mangunsarkoro, Beji,Tulungagung, Jawa Timur, Indonesia

ABSTRACT

Product Life Cycle is an important concept that provides an understanding of the competitive dynamics of a product. Product Life Cycle is a graph that illustrated the history of the product since it was introduced to the market until withdrawn from the market. The Product Life Cycle (PLC) strategy is based on four stages: The first stage in the product life cycle is the Introduction Phase which in this stage is low sales, the Second Growth Stage is marked by the rapid rise of the sales level because the product has been accepted and known to the market, The Third Phase Maturity of sales is still rising but with declining growth due to many competitors, and the fourth Stage of Decrease where sales are increasingly moving towards a decline caused by changes in market tastes. At each stage there are different opportunities and problems in relation to marketing strategy and how to make a profit. By recognizing the stage at which a product is located, or to be addressed, the management can formulate and plan the right strategy. In each stage Product life cycle is required strategy of its own strategy. It requires the special ability of a manager to be able to create and implement the right marketing mix at the right time.

Keywords: Marketing strategy, Product Life Cycle

INTRODUCTION

Every company from small to large, definitely requires marketing in all aspects. And in the marketing of this company will know how far the product will be accepted and made superior by the customer and how the product is able to compete competitively with the competitors.

In marketing there is a cycle or stage that can help the company to know and analyze clearly the extent to which the resulting product can survive in a competitive manner. This process is known as Product Life Cycle or product life cycle. Product Life Cycle was first introduced by Levitt which is still used by businesses to analyze their product cycles.

The concept of product life cycle can be utilized by managers in order to understand the dynamics of products and markets. The real benefits may vary depending on the decision-making situation. As a planning tool, product life cycle concepts can help clarify marketing challenges at every stage and alternative strategies that companies can use. As a control tool, this concept helps companies compare comparisons with similar production in the past.

In fact, the pattern of the product life cycle is always changing, as it is difficult to suspect the length of a stage and managers themselves often cannot a scertain at what stage their products are currently located. A product may seem to reach the stage of adulthood, whereas it only reaches a horizontal moment at a temporary growth stage before the second curve rises. The lifecycle pattern is a marketing strategy tool, not like the natural and definite life cycle of the organism. The lifecycle pattern is the result of various marketing strategies that have been determined by the company.

1. Definition of Product Life Cycle (PLC)

   Product Life Cycle or product life cycle is a sales trip of a product in its lifetime. The product life cycle is an important concept that provides an understanding of the competitive dynamics of a product.

2. Product Life Cycle Concept

   In determining the marketing strategy of a product, it is necessary to analyze the PLC of similar products made, this is because:

- Product, market (consumer demand), and competitors will change throughout the product life cycle.
- Products have a limited lifespan.

- Product sales will go through a variety of distinctive phases, and each presents different challenges, opportunities, and problems for the seller.
- Profit will rise and fall at different stages during product life cycle.
- Products require different marketing, financial, manufacturing, purchasing, and human resources strategies at each stage of the cycle.

3. Characteristics of Stages in Product Life Cycle

   At each stage there are different opportunities and problems in relation to marketing strategy and profit potential. By recognizing the stage at which a product is located, or to be addressed, the management can formulate the right marketing plan and strategy.

In addition to the above characteristics, PLC also has some characteristics as follows:

1. Not every product through all stages. Some products even exist that never pass the introductory stage. Generally products that fail to enter all these stages are products related to technology and fashion.
2. The length of a Product Life Cycle stage for each product varies greatly.
3. Product Life Cycle can be extended with innovation and repositioning. There are many examples of companies that have successfully extended their Product Life Cycle so that sales are not decreasing but increasing.
4. Product Life Cylce Stages

Each product usually has a different life cycle, increase or decrease can occur both short and long term.

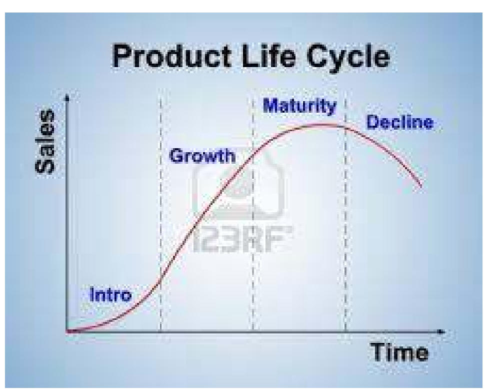

Figure 1. Product Life Cycle Graph
Stages of the life cycle of a product, namely:

1. Introduction

Introduction stage is an early stage of the company in introducing its products to consumers. At thisstage, the goods began to be marketed in large numbers even though the sales volume has not been high. Goods are sold generally new goods (really new), because it is still in the early stages.

General characteristics of this stage are low sales, slow growing market volume, relatively small competition, relatively high failure rate, many product modifications in testing and development (because the problems that arise are not as predicted and may also be caused by understanding wrong about the market), production costs, promotion and marketing are very high, and distribution is still limited.

To go through this stage requires hard work and patience is very high, so that the resulting product can be accepted by consumers.

In this stage, there are also some common strategies applied by the company, such as:

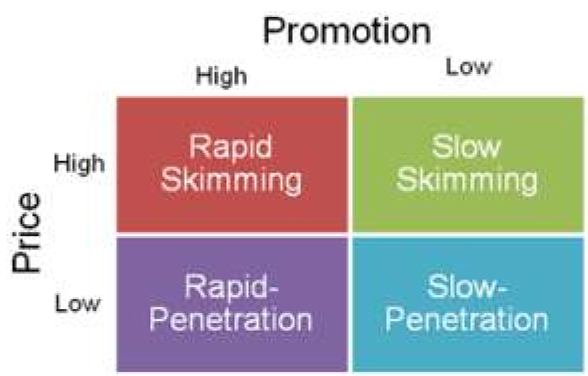

Figure 2. Combination Strategies between Price and Promotion

In launching new products, marketing management can implement one of four strategies:

a. **Rapid Skimming Strategy**

This strategy is carried out by way of setting a high price to obtain as much gross profit per unit as possible, as well as by conducting a vigorous campaign to convince consumers about the quality of the product even though the price is expensive. This method is usually used to accelerate thepace of market breakthroughs. This strategy will work if most markets do not know the existence of the product, the consumer is willing to pay at any price, and the company faces potential competitors and wants to build a preference on its brand.

b. **Slow Skimming Strategy**

The strategy is executed by setting a high price to get as much gross profit per unit as possible and a low promotion so that marketing costs are not too high. This strategy will work if the market size is limited, most consumers know the existence of the product, the consumer wants to buy at a high price, and potential competitors have not appeared.

c. **Rapid Penetration Strategy**

This strategy is done by setting low prices and aggressive promotions. The goal of this strategy is to gain rapid market acceptance and gain substantial market share. This strategy will work if the market is very broad, consumers do not know the existence of the product, the consumer

d. **Slow Penetration Strategy**

This strategy is executed by setting a low price to gain a large acceptance from consumers and promotion which is low so that marketing costs do not swell. The success of this strategy should usually be supported by a very broad market, consumers know the existence of the product, the consumer is price sensitive, and the potential competition is very low.

2. **Growth Stage**

When at a growing stage, consumers begin to recognize the product so that the number of sales andprofitsare increasingrapidly coupled with a strongpromotion. More and more sellers and distributors are involved to take advantage of the hugeinterest in market demand.

This stage alone can be divided into two groups, namely:

a. **Rapid Growth**

Thisrapid growth stage is marked by the rapid increase of company's sales rate becausethe product has been accepted bythe market. Not all new products can reach this stage, not even a few new products that fail at an early stage. But if the new product succeeds, it will attract competitors to enter the industry with counterfeitproducts.

Marketingstrategyatthisstage is aimed at building a strong market. A form of strategy that can be done by improving products, developing new market segments, adding distribution channels and reducing prices to seize new consumer

b. **Slow Growth**

At thisstage, sales are still rising, but with declining growth. Most of the market has been reached, becausethe company's products have been used by the majority of consumers. This situation will cause the company to start updating its products in order to maintain its sales. In general, business modification is done by improving the model (style improvement) in order to stabilize the position of its productsin the market. Marketers' strategies at this stage begin to focus on improving the product, finding new market opportunities, and improving and refreshing promotional themes.

3. **Stage of Maturity (Maturity)**

This stage is marked by the achievement of the highest point in the company's sales. Normally this stage is the longest stage in PLC.

This is because at this stage the fulfillment of the core needs by the product concerned persists. Most marketing strategies are intended for products that are at this stage. A creative marketing strategy used to extend a product's life cycle is called innovative maturity.

Sales at this stage are very sensitive to economic changes.

Generally this stage consists of three levels, namely:

a. Growth Maturity
b. That is the decreasing sales growth caused by adult distribution. No more new distribution channels can be added.
c. Stable Maturity
d. That is, the sale becomes flat due to the market saturation. Some potential customers have tried new products offered by the company.
e. Decaying Maturity
f. That is, sales begin to decline and consumers begin to move to another product or product substitution.

In the maturity stage there are several marketing strategies, namely:

a) Market modification

In this modification the company must expand the market for its brand by handling two determinants of sales volume that is:

- **The number of users of the product with the company brand**
- **Usage rate per user**

Companies can expand the number of users of the company's branded products through the following three ways:

- **Change non-users**

The company tries to convert non-users into product group users. For example, the key to the development of air transport services is the ongoing research on new consumers, to whom it can be pointed out that using air transport services is better than the army.

- **Enter new market segments**

The company tries to enter a new (geographically, demographically) market segment that uses the product but not the company's brand.

- **Capture consumers from competitors**

Companies in various ways try to grab customers from competitors to try and use the brand owned by the company.

In addition to the strategy of expanding the number of consumers, there are three other strategies to increase the number of sales by increasing the frequency of usage by consumers of the company brand users, namely:

- **More frequent use**

Companies are trying to encourage consumers to use products more often. For example a typical productconsumed once a day is recommended for use more than once.

- **More use in every opportunity**

In this strategy the company invites consumers to use with more amounts at each time they use. For example a product that can be used one dose of the company recommends that consumers use two dosages so that the results are effective.

- **New and more diverse uses**

In this case the company must find new uses of the same product then convince consumers of it. Example: food producers often arrange some recipes on the wrapper so that consumers are more interested in all the uses that exist.

b) Product modification

In order to capture new customers or influence old customers to use more and more enterprise products, companies can try to increase sales by modifying product characteristics.

Some forms of product modification include:

- **Quality improvement**

  The purpose of quality improvement is to improve product capabilities, such as durability, speed, taste, product performance, and more. This strategy is effective if product quality can still be improved, consumers are sensitive to product quality, and consumers believe that higher quality will provide higher benefits.

- **Improved features**

  The aim is to add new features in terms of size, weight, staples, and additions, ornaments that will enhance the capability, safety or comfort of the product. For example by adding a certain substance then a paint product will last longer in the wall and the color remains brilliant.

  This strategy has several advantages such as what is proposed by Stewart, namely:

  ♣ New characteristics will create a company image in terms of keprogresifan and leadership.

  ♣ New features can be added quickly or quickly canceled at the customer's request at a low cost.

  ♣ New characteristics can seize the loyalty of a particular market segment.

  ♣ New characteristics often provide free publicity for the company.

  ♣ New characteristics often give enthusiasm to sellers and distributors.

- **Improved style**

  The goal is to increase the aesthetic appeal of a product. In certain types of products often are often the most frequent repairs of quality rather than quality or usability improvements. In other products styling improvements can mean packaging repairs. Fixed styles can give positive results because people generally like the fashion changes. The negative side of style improvements is also unavoidable because there are consumers who feel unsuited to the most recent and prefer to the previous product style.

c) Modify the marketing mix

One thing that can not be underestimated is an improvement in the marketing mix, where one or more elements need to be modified. To encourage products in the maturity stage, marketing managers have the job of answering the following questions.

- **Price**

1. Will the price discount be an attraction for the group that is trying or for those who already use it?
2. If so, is everything on the price list to be lowered?
3. Or is the price reduction done through a special price?

- **Distribution**

1. Can companies get more support or showrooms in distribution channels?
2. Is it possible to break in more stores?
3. Can the company penetrate the distribution channels that had not been tried to enter?

d). Advertising

1. Do advertising costs need to be increased?
2. What messages in the ads need to be changed?
3. Should the media channel of the overhauled type or its combination?
4. Or do the time, frequency and size of ads need to be changed?

- **Sales promotion**

1. Should the sales promotion be improved?
2. In the form of rebates, warranties or prizes?

- **Individual Sales**

1. Do the quality and skills of the sales force need to be improved?
2. Does the division of sales area need to be reorganized?
3. Should there be incentives for the sales force?

- **Service**

1. Can the company accelerate delivery time?
2. Can technical assistance for consumers be improved?
3. Can creditability be expanded?

The answer of the marketing manager to the above questions can be used as a raw material for repairing and keeping the product in order to survive in the maturity phase.

E). Use a take-off strategy

Take-off strategy is a strategy used to achieve a new consumer acceptance phase, this strategy can renew growth when products enter in maturity.

4. **Decline Stage (Decline)**

In the decline state of the company's products begin to be abandoned consumers to switch to other products so that the amount of sales and profits earned by producers and traders will decline drastically or slowly but surely and eventually die. The decline in sales is due to factors such as changes in market tastes, substitution products received by consumers (both domestically and abroad), and technological change. A number of alternatives can be done in the final stages of this PLC. However, it should be noted that alternative choices should be based on the strengths and weaknesses of the company and the industry's attractiveness for the company.

These alternatives include:

1. Increase investment to dominate or occupy a good competitive position.
2. Changing the product or searching for new usage / benefits on the product.
3. Looking for new markets
4. Stay at the current level of corporate investment until industrial uncertainty can be overcome.
5. Reduce selective company investment by leaving less profitable customers, but increasing investment for small, loyal and lucrative consumer groups.
6. Harvesting strategy to realize cash refund quickly.
7. Leave the business and sell the company's assets.
8. In addition to the above alternatives, in the decline stage there are also some strategies, namely:
9. Updating items (in the sense of their function).
10. Review and improve the marketing program and production program to be more efficient.
11. Eliminate the size, color, and the model is not good.
12. Eliminate some types of goods to achieve optimum profit on existing goods.
13. Leave the item altogether.

CONCLUSIONS

Life Cycle products are a useful concept in marketing planning and strategy, but implementation in practice has limitations. In fact many companies make mistakes and waste a lucrative opportunity mainly due to a lack of research on the concept of Product Life Cycle

Product Life Cycle is important because it can help marketers in identifying sales trends, helping in recognizing the nature and dynamics of product competition, helping to estimate cost and market opportunities that are constantly changing, devising appropriate marketing strategies to drive products to successfully pass through those stages.

BIBLIOGRAPHY

Ali Hasan, S.E.,M.M.(2008), *Marketing*, Yogyakarta. MedPress

Basu Swastha DH.,MBA,(1996), *Azas-Azas Marketing*, Edisi 3, Yogyakarta.Liberty

Cravens, D.W.(1994), *Strategic Marketing*, *4Th ed.Burr Ridge*, Illinois; Richard D.Irwin,Inc

Deliyanti Oentoro,SE.,MM.,(2010). *Manajemen Pemasaran Modern*, Yogyakarta. Laks bang pressindo

Jain,SC.(1990), *Marketing Planing and Strategy, 3rd ed.Cincinati,OH*. South-Western Publishing Company.

Kotler,P(1994), *Marketing Management Analysis, Planing,Implementation, and Control, 8th ed. Engelwood cliffs*, NJ: Pentice Hall International, Inc

Kotler, P, and G. Amstrong (1994), *Principles of Marketing, 6Thed Engelwood Cliftts*, NJ: Prentice Hall International, inc.

Stanton,WJ.,MJ,Etzel, and B.J. Walker (1994).*Fundamentals of marketing, 10thed*. New York: McGraw-Hill,Inc