

¹ The Significance of Distribution Channel and Product Life Cycle in the Management of an Organization the Nigerian Experience

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⁷ **Abstract**

⁸ In recent times, business organizations operate on large and specialized, scales, which have all,
⁹ resulted in increased production. As a result of this increased production, direct marketing to
¹⁰ consumers had become very expensive and inefficient. Marketing channel decisions are among
¹¹ the most complex and challenging decisions facing the firm As man passes his life in phases:
¹² birth, childhood, adolescence, adulthood, old age and death so do products as evidenced in the
¹³ product life cycle theory. The objectives of this paper are to assess the significance of
¹⁴ distribution channel and product life cycle on the survival and growth of business
¹⁵ organizations in Nigeria. Efforts are made to discuss in details the conceptual framework of
¹⁶ distribution channel and product/life cycle. Finally it is posited that distribution channel and
¹⁷ product life cycle are highly significant in the management. This paper is divided into four
¹⁸ sections namely: introduction, distribution channel, product life cycle and conclusion and
¹⁹ recommendations.

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²¹ **Index terms**— birth, childhood, adolescence, adulthood

²² Introduction -In recent times, business organizations operate on large and specialized, scales, which have all,
²³ resulted in increased production. As a result of this increased production, direct marketing to consumers had
²⁴ become very expensive and inefficient. Marketing channel decisions are among the most complex and challenging
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³³ **1 INTRODUCTION**

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³⁵ production. As a result of this increased production, direct marketing to consumers had become very expensive
³⁶ and inefficient.

³⁷ Marketing channel decisions are among the most complex and challenging decisions facing the firm As man
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44 conclusion and recommendations.

45 2 II.

46 3 DISTRIBUTION CHANNEL

47 A product is not important to the consumer, if it is not available when and where it is wanted. A product reaches
48 customers through a channel of distribution. Decision areas include: selecting and manning the middlemen,
49 storage, handling and transporting the product.

50 Marketing channels are very crucial in structuring marketing decisions. This is because without the channels;
51 products will never get to the customers who need them. Channel decisions can only be productive if there is
52 goal congruence between the company and its channel members.

53 However, intermediaries/middlemen who direct products to dysfunctionalities will set in if channel conflicts
54 occur between them as marketing channels are very crucial for the success or other wise of marketing efforts.
55 ??ride and Ferrell (1985) define marketing channel or channel of distribution as "a group of interrelated
56 customers".

57 Author : PhD.,Department Of Business And Social Science, University Of Ilorin, Ilorin. ??achman and Mescon
58 (1982) see channel of distribution as "a sequence of marketing agencies (such as wholesalers and retailers) through
59 which a product passes on its way from the producer to the final user". ??ichard (1976) et al defines channel
60 of distribution as "a combination of middlemen that a company uses to move its products to the ultimate
61 purchaser". ??onne and Kurt (1980) regard marketing channels as "the paths that goods and title to them follow
62 from producer to consumer". A distribution channel consists of the set of people and firms involved in the transfer
63 of title to a product as the product moves from producer to ultimate consumer or business user. A channel of
64 distribution always includes both the producer and the final customer for the product in its present form as well as
65 any middlemen such as retailers and wholesalers. The act of bridging the gap between producer and consumer and
66 provide the purchaser with a convenient means of obtaining the product that he or she wishes to buy. In moving
67 goods to convenient location for the consumer, channels provide form, time, place and ownership utility. Form
68 utility is the want satisfying capability that is created when a good produced. Time utility is the want satisfying
69 capability that is created when a product is made available to customers when they want it. Place utility is want
70 satisfying capability that is created when a product is made readily accessible to potential customers. Products
71 have no value to the consumer in the manufacturer's warehouse until it is made available to consumers where
72 they want to buy them. Possession utility or ownership utility is wantsatisfying capability that is created when
73 title of a product is transferred from the manufacturer to the buyer at the point or time of purchase (retail store).
74 Possession utility is the want-satisfying capability that is created when a customer buys the product -that is when
75 ownership is transferred to the buyer. Marketing functions performed in channels of distribution can be grouped
76 as those that are necessary to a transaction those that are required for the physical exchange of goods and those
77 that facilitate both the transaction and the physical exchange. Channel decision-making involves establishing
78 and maintaining the institutional structure in marketing channels.

79 A company wants a distribution channel that not only meets customers' needs but also provides an edge on
80 competition.

81 Some firms gain a differential advantage with their channels to design channels that satisfy customers and
82 outdo competition, an organized approach is required which comprises of a four sequence decisions:

83 (i) specifying the role of distribution (ii) selecting the type of channel (iii) determining intensity of distribution
84 (iv) Choosing specific channel members -that is selecting specific firms to distribute the product. a) Selecting
85 the Type of Channel Some firms adopt direct distribution a situation where producer deals with final customer,
86 with no middlemen providing assistance. In contrast, a channel producer, final customer, and at least one level
87 of middlemen represents indirect distribution.

88 4 b) Major Channel of Distribution

89 Diverse distribution channels exist today. The most common channels for consumer goods, business goods, and
90 services are described as follows: c) Distribution of Consumer Goods Five channels are widely used in marketing
91 tangible products to ultimate consumer:

92 5 ? Producer consumer

93 ? Producer retailer consumer

94 ? Producer wholesaler retailer consumer

95 ? Producer agent wholesaler retailer consumer d) Distribution of Industrial/Business Goods A variety of
96 channels is available to reach organizations that incorporate the products into their manufacturing process or use
97 them in their operations. The four common channels for business are:

98 ? Producer user

99 6 ? Producer industrial distributor user

100 ? Producer agent user

101 ? Producer agent industrial distributor user.

102 7 e) Distribution of Services

103 The intangible nature of services creates special distribution requirements. There are only two common channels
104 for services.

105 8 ? Producer consumer

106 ? Producer agent consumer f) Multiple Distribution Channels Many perhaps most, producers are not content
107 with only a single distribution channel. Instead, for reasons such as reaching two or more target markets or
108 avoiding total dependence on a single arrangement, they employ multiple distribution channels. The use of
109 multiple channels occurs in several distinct situations such as reaching different types of market when selling:

110 ? The same product to (for example, sporting goods or computers) to both consumer and business markets.

111 ? Unrelated products (margarine and paint; rubber products and plastics). These channels or intermediaries are
112 institutions that have specialized in rendering distributive services both to the producers and consumers. They
113 are of three types:a) Merchant

114 Middlemen:-This category of intermediaries buy and take title to the goods they buy from producers (e.g.
115 wholesalers and retailers). b) Agent Middlemen:-They look for markets for the producer and receive commission
116 or fee for expediting exchanges e.g. sales representatives. c) Facilitators:-This group of intermediaries render
117 services that facilitate the movement of goods and services from the point of production to point of consumption
118 e.g. warehousing, transportation etc.

119 Intermediaries also perform what we call equalization function by providing time, place and ownership utilities,
120 which help to increase the value of products. Intermediaries equally obtain information about consumers
121 (Social outlook, economic profit, demographic characteristic, concentration and dispersion etc) and pass them to
122 producers to assist them in planning their productions to attune them to the environment. They assist producers
123 in advertising, promoting and pricing of their products for the markets. In addition they are risk takers (e.g.
124 goods becoming obsolete in their hands with time during storage, pilfering, damage from fire etc). Also some
125 production/economic activities are financed by them. In most cases they buy from and pay the producers and
126 sell to consumers in appropriate sizes at credit. From the above analysis, the importance of middlemen in the
127 marketing of goods and services shall not be overemphasized. In conclusion, the reasons for their importance are
128 as summarized below: a) Middlemen reduce the number of transactions required, thereby reducing cost:-The
129 contribution of middlemen is important. Shipping products to too many retailers by manufacturers without a
130 wholesaler who can perform this duty incurs costs, which are reflected in the prices charged for products. If the
131 number of transactions can be reduced through the use of middlemen, costs will be less and lower prices will result.
132 b) Middlemen perform marketing function:-Middlemen are valuable because they perform almost every marketing
133 functions. They can conduct marketing research, advertise, employ sales force and engage in physical distribution.
134 They can also maintain inventories, extend credit and collect debts, and provide a variety of services to their
135 customers. Manufacturers therefore can shift the performance of these functions from themselves to middlemen.
136 c) Middlemen are specialists:-Since middlemen may be specialists in performing some marketing functions, their
137 efficiency in performing these functions which are normally shifted to them by manufacturers results in lower
138 costs and hence lower prices for the products in the hands of customers. d) Middlemen perform the concentration
139 and dispersion functions:-Two important functions by middlemen are the concentration and dispersion functions.
140 Concentration is the consolidation of small lots into larger lots for more economic shipment performed mainly by
141 wholesalers/distributors and dispersion, which is breaking large lots into smaller, lot sizes for convenient purchase
142 by consumers performed by retailers. e) Middlemen enhance the value of products:-Mainly because of the ability
143 of middlemen to store and transport products, the values of these products are enhanced. Through storage, time
144 utility is created. These products become more valuable to consumers because they are made available when the
145 consumers want to purchase them. On the other hand, products are more valuable if they are made available at
146 convenient locations to the customers i.e. the products have place utility. This utility is created by middlemen
147 who transport these products to stores close to population concentrations. f) Middlemen bring buyers sellers
148 together:-They also play the role of bringing buyers and sellers together by matching buyers who seek certain
149 products with sellers who offer them. g) Middlemen act as information sources:-They provide information on
150 the market and competition to the companies. h) Middlemen save companies money:-For new companies that
151 lack financial competence or established companies that do not have adequate financial resources as they expand
152 their operations, middlemen perform these costly marketing functions for them. i) Middlemen are valuable for
153 companies marketing new products:-Companies trying to sell products in new markets may lack the experience
154 of these new markets which middlemen who possess such can perform. j) Middlemen are valuable for companies
155 marketing new products:-New products that are substantially different from existing product lines always pose
156 as problems for the innovating firm to market. Middlemen who possess the requisite skill and experience help
157 these companies for the introduction of these new products. k) Middlemen are helpful for small companies:-Small

15 I. INTENSIVE DISTRIBUTION

158 companies which are not strong financially and often lack product and market expertise, make use of retailer and
159 wholesalers to their advantage.

160 Distribution's role within a marketing mix is getting the product to its target market. Distribution is the
161 arrangement necessary to transfer ownership of a product and transport the product from where it is produced
162 to where it is finally consumed. The most important activity in getting a product to market is arranging for
163 its sale and the transfer of title from producer to final consumer. Other common activities (or functions) are
164 promoting the product, storing it, and assuming some of the financial risk during the distribution process.
165 Typically however, firms called middlemen perform some of these activities on behalf of the producer or the
166 consumer.

167 9 h) Functions of Marketing Channels

168 The following are the important functions member of the marketing channel perform: ? Gathering information
169 on the changing needs in the market and pass them on to the producers. By so doing, they perform part of
170 the research team. ? Ordering goods, usually in bulk, thereby, reducing the cost of storage by the producers.
171 Ordering is a way of letting the producers know of the demand level in the market. ? Taking title to the products
172 they help to the market. ? Bearing risks of storage due to theft, climatic changes and even cost of warehousing.
173 ? Helping in financing trade through acquisition and allocation of funds required to carry inventory at any level
174 of the marketing channel. ? Being responsible for negotiating the final price and other terms of the offer for the
175 eventual transfer of ownership. ? Providing a sales force enabling manufacturers to reach many small customers
176 at a relatively low cost. These intermediaries have more contacts and are often more trusted by the buyers than
177 is the distant manufacturer.

178 10 Figure 1 Important Channels of Distribution

179 There are different channel levels available to a marketing manager and these include: a) Zero Level: This is when
180 producers sell directly to consumers without any intermediaries (direct marketing). b) One Level: When the
181 producer sells through two intermediaries. c) Two Level: When the producer sells through two intermediaries.
182 d) Multi Channel: When producers sell through several intermediaries.

183 A cursory look at marketing channels in everyday use is enough to convince the marketing manager that there
184 is nothing as the best marketing channel. The best for one product, may not be the best for another. Instead of
185 searching for a best channel for all products, the marketing manager has to analyze alternative channels in the
186 light of consumer needs in order to determine an optimum channel (s) for the firm's products. Today's marketing
187 channel may change tomorrow, putting into consideration the other marketing variables.

188 11 j) Marketing Functions Performed in Channels of Distribution

189 Marketing functions performed in channels of distribution can be grouped as those that are necessary to a
190 transaction, those that are required for the physical exchange of goods, and those that facilitate both the
191 transaction and the physical exchange. In short, these groups can be termed transactional, logistical, and
192 facilitating function.

193 Transaction functions: Transactional functions include buying, selling and risk assumption. some business
194 segments customers are contacted directly, while in others extranets are created to link together the company,
195 its suppliers and its customers in a bid to create "value chain integration" which is necessary for seamless and
196 efficient operations.

198 12 i) Different Channel Levels Available to a Marketing Manager

199 Channels decision-making involves establishing and maintaining the institutional structure in marketing channels.
200 By aiding demand and supply chain analysis, the internet is revolutionizing distribution and logistics and creating
201 value-added chains. This in turn has led to a strategic re-think of how business should be done. In Here, the
202 company most desired on the intensity of distribution -that is, how many middlemen will be used at the wholesale
203 and retail levels in a particular territory. There are three major categories of intensity ranging from intensive to
204 selective to exclusive.

206 13 Raw material producers

207 14 Manufacturers

208 15 i. Intensive Distribution

209 A firm with intensive distribution policy seeks to achieve a wide distribution for its products. This in essence
210 means that the firm will make use of as many outlets as possible perhaps a combination of both direct and

211 indirect methods of distribution are likely to be out into use. Such intensive distribution aims the product at
212 the mass marketing and the distribution strategies implemented tend to carry the product to all the nooks and
213 corners of the market. For instance soft drinks industries such as NBC Plc, 7up Plc, cosmetics industries like PZ
214 Plc and others. With this type of distribution there is likelihood that the company is unable to have adequate
215 control over the product and the cost is likely to be higher.

216 ii. Selective Distribution With selective distribution however, not every outlet or channel will be utilized.
217 The firm will rather rely on a few outlet to handle the products. The firm may resort to this method if the
218 product involved is of a durable nature and requires an after-sales service or it is associated with certain prestige.
219 The firm will therefore use as the criteria for selection the middlemen's experience and the ability to handle
220 the product effectively in terms of after sales servicing required and the necessary promotional activities to be
221 undertaken. These conditions will certainly eliminate opportunists middlemen who may only be interested in
222 making quick fortune and brisk money without paying adequate attention to the desire of the firm and the need
223 of the customers. It is therefore not uncommon for firms with this selective distribution strategy in view to
224 advertising for middlemen handle certain product place a lot of emphasis on the financial capability, product
225 experience and other virtue, considered as pre-requisite.

226 iii. Exclusive Distribution Exclusive distribution entails the granting of exclusive rights to a single seller in with
227 a particular territory or area to sell the company's products such a right therefore provides that the firm supplies
228 all the necessary tools including promotional device to the seller. The seller in turn undertaken to handle only
229 the firm's middlemen all stand to gain from such arrangement. The middlemen get larger commission because
230 his mark-up is high, he also commands the prestige of such a role. The firm on the other hand, is free from the
231 burden of having to handle completely the marketing of its products and it is in the better position to fight off
232 competition. Example of products that lend themselves to exclusive distribution include product like computer,
233 air-conditioner, oil product, auto products, accessories, lift etc. ??hapiro (1977) observed that one of the most
234 frustrating problems facing marketing is the management of their distribution channels. The concept of channel
235 management hinges on issues as price maintenance, channel selection and appointment, channel control, and
236 channel motivation.

237 **16 III. PRODUCT LIFE CYCLE**

238 A poet once said, "life is like the playful cackle of a million geese". As life is interesting for humans, so it happens
239 to be interesting for products. The concept of the Product Life Cycle (PLC) was popularized by Theodore Levitt
240 in 1965, and since then the fad had caught on. Product Life Cycle (PLC) is the progression of a product from
241 birth to death, typically thought to encompass four stages (1) introduction (2) rapid growth (3) maturity, and
242 (4) decline. In essence, the term 'product life cycle' describes a product's sales history from its introduction to
243 the market to its withdrawal from the market. The graphs, which usually accompany discussions of a product
244 life cycle, represent sales volume curves. The theory is that products begin their commercial lives with the first
245 sale; sales rise as the life of the product continues until a peak is reached, and then decline until the company
246 considers that their overall contribution to revenue does not justify maintaining their presence in the market.
247 Clearly, the nature of the cycle varies tremendously from product to understanding that each product typically
248 flows through several distinct product life cycle stages as sales volume is plotted over time. Identifying when a
249 product has reached any one of these stages is not always easy. Sometimes, a product can be lifted (backwards
250 or forwards) from one stage to another by specific marketing tactics. Also a product is so associated with a
251 company conveying an image of quality, reliability, tradition etc that the company may decide to retain it as
252 part of its product portfolio, even though, according to the life cycle theory, it is well into the 'decline' period.
253 Therefore, all products follow a product life cycle, but the shape of the cycle itself rarely follows the textbook
254 version exactly, there are many variations on the theme.

255 Introduction: The introductory stage, sometimes called pioneering stage, a product is launched into the market
256 in a full-scale marketing program having gone through product development, including idea screening, prototype,
257 and market tests. This is a period of slow sales growth as the product is introduced in the market. Profits
258 are non-existent because of the huge capital investment in product introduction and because this is the time to
259 find acceptance by would-be purchasers and there is a slow growth in sales. Only a few firms sell the product,
260 unit costs are high because of low output, there may be early teething troubles with production technology and
261 prices may be high to cover production costs and sales promotion expenditure as much as possible (e.g. colour
262 televisions, CD -ROM Disc, Computers, Video cassette recorders, pocket calculators were all very expensive
263 when first launched. The product for the time being is a loss-maker. Because consumers are unfamiliar with
264 the innovative product or feature, a pioneering firm's promotional program is designed to stimulate demand for
265 the entire product category rather than a single brand. The introductory stage is the most risky and expensive
266 stage because of huge amount of money to be spent not only on the development of the product but also to
267 seek consumer acceptance of the offering. Growth: (Market -acceptance stage): This is a period of rapid market
268 acceptance and substantial profit improvement. New customers buy the product and production rises, unit costs
269 fall. Since demand is strong, prices tend to remain fairly static for a time. However, the prospect of cheap mass
270 production and a strong market will attract competitors so that the number of producer is increasing. Mostly as
271 a result of competition, profits start to decline near the end of the growth stage.

272 As part of firm's efforts to build sales and, in turn, market share, prices typically decline gradually while

273 manufacturers. Spend a lot of money on product improvement, sales promotion and distribution to obtain a
274 dominant or strong position in the market. product. The product life cycle concept involves an Maturity: In the
275 early part of maturity stage, sales continue to increase but at a decreasing rate. This is a period of a showdown in
276 sales growth because the product has achieved acceptance by most potential buyers. Profits stabilize or decline
277 because of increased competition. This is the longest period of a successful product's life. Eventually, sales will
278 begin to decline so that there is over capacity of production in the industry, severe or intense price competition
279 occurs, profits fall and some producers leave the market. Seeking to differentiate themselves, the remaining
280 producers extend their product lines with new and improved models or modify their products or searching for
281 new market segment. Decline (Revitalizing stage): This is the period when sales show a downward drift and
282 profits erode. This is the phase when the manufacturer has finally to decide whether to accept that the decline in
283 sales and profitability is such that the product should be discontinued or to implement previously prepared plans
284 to revitalize it through price reduction, alter the packaging or select other channels of distribution or develop a
285 small market niche and remain moderately successful in the decline stage in order to prolong its profitable life.
286 If a product remains on the markets too long, it will become unprofitable and the decline stage in its life cycle
287 then can give way to a 'senility' stage.

288 Inevitably, decline stage set in for most products because of the following reasons:

289 ? The development of a better or less expensive product to fill the same need. ? The need for the product
290 disappears, often because another product development. ? People simply grow tired of a product, so it disappears
291 from the market.

292 IV.

293 17 REASONS WHY PLC IS USEFUL

294 There are three main reasons why product life cycle is useful to the management of an organization. A product
295 life cycle consists of the aggregate demand over an extended period of time for all brands comprising a generic
296 product category.

297 A life cycle can be graphed by plotting aggregate sales volume for a generic product category over time, usually
298 years. In this typical life cycle, the profit curve for most new products is negative (signifying a loss) through much
299 of the introductory stage. In the latter part of the growth stage, the profit curve starts to decline while sales
300 volume is still rising. Profits decline because the companies in an industry usually must increase their advertising
301 and selling efforts and/or cut their prices to sustain sales growth in the face of intensifying competition during
302 the maturity stage.

303 Introduction a new product at the proper time will help maintain a company's desired level of profit.

304 To say that a product has a life cycle is to assert four things. The Product Life Cycle (PLC) concept can be
305 used to analyze a product category, a product form, a product, or a brand.

306 Product categories have the longest life cycles. Many product categories stay in the maturity stage indefinitely
307 and grow only at the population growth rate. Some major product categories typewriters, newspapers -seem to
308 have entered their decline stage of the Plc. Some others fax machines, cellular ? Product follow either the
309 standard Plc or one of several variant shapes. ? Branded products can have a short or long Plc although many
310 new brands die an early death, some brand names have a very long Plc and are used to name and launch new
311 products.

312 a) A Growth-Slump Maturity Pattern: Often characteristic of small kitchen appliances. The sales of such
313 product grow rapidly when the product was first introduced and then fell to a "petrified level". The petrified
314 level is sustained by late adopters buying the product for the first time and early adopters replacing the product.
315 b) The Cycle -Recycle Pattern: Describes the sales of new drugs. The pharmaceutical company aggressively
316 promotes its new drug, and this produces the first cycle. Later, sales short declining and the company gives
317 the drug another promotion push; which produces a second cycle (usually a smaller magnitude and duration).
318 c) Scalloped Plc: Here sales pass through a succession of life cycle based on the discovery of new product
319 characteristics, uses or users e.g. Nylon sales, show a scalloped pattern because of the many new uses that
320 continued to be discovered over time.

321 The full import of the product life cycle can best be appreciated when one looks at the type of product adopters
322 and their behaviours. Once introduced, the new product will just be noticed and patronized by the innovators
323 who are fashion and fad conscious, and who will go to any length to take on new products. 1) Innovator 2) Early
324 adopters 3) Early majority 4) Late majority 5) Laggards telephones, bottled water -are clearly in the growth
325 stage.

326 ? Product forms follow the standard Plc more faithfully e.g. manual, electric and electronic typewriter.
327 Peculiarly enough, they are very small in number and hence will make the new product to be at its low level of
328 the introductory sales, prompting the company to advertise heavily and use pricing baits. After this group of
329 adventures are the early adopters who will follow the innovators. Joined together, demand of these two groups will
330 lead to growth in sales. The early majority comes next and thereafter comes the late majority each contributing
331 about 30% of the total demand of the product. As at this stage, the innovators would have shifted to other new
332 product innovations, dragging along some of the early adopters. Hence, sales growth will slow down. By the time
333 the early adopters and some early majority have completely left, the laggards (price conscious customers and
334 very fashion averse people) will start patronizing the product. However, the demand of the laggards will not be

335 able to match the lost demand of the innovators, early adopters, and early majority who would have switched to
336 other products. Hence, the product will enter the decline stage. One major implication of the product life cycle
337 concept is the assistance it provides top management in planning their product replacement strategies. Once
338 a product reaches the maturity stage, management as a matter of rational strategic positioning, should initiate
339 a product replacement process that will eventually lead to the launching of a successor to the about to decline
340 product; such that immediately the decline stage is reached appropriate product phase out strategies can be used
341 to handle the declining product while the newly developed product is launched as a replacement. The strategic
342 catch here is how frequently should products be replaced? Does the reaching of maturity stage of a product
343 really means management should consider dropping it?. In reality, the fact that sales stagnates (a sign of the
344 maturity stage) does not necessarily means that the product had reached its maturity stage, as what might have
345 gone wrong may just be the mismatch of the marketing mix by the company or breakdown of communication
346 or positioning strategy. Instead therefore, of following the product life cycle concept blindly, management must
347 attempt to determine what had gone wrong and then introduce measures to rectify the situation and jump start
348 sales increase. This is where most managers fail as they quickly drop a product that shows the slightest sign
349 of maturity. A mature product should also not be phase out instantly as most managers (especially upon the
350 successful completion of a replacement product) would drop the mature product immediately.

351 18 Time

352 For success and profitability, and as a strong strategic posture, matured products must be carefully handled. The
353 strategies that can be used include: market adaptation strategies, take off strategies as well as recycle strategies.
354 Market adaptation strategies include all market adjustment strategies taken to fortify the product market share
355 from being breached by competitions, and include the adaptation and improvement through redesigning of
356 product packaging, the intensification of advertising as well as using sales promotional strategies on a periodic
357 basis to boost sales.

358 Take off strategies are those strategies executed to prevent the mature product sliding into the decline stage
359 and it involves re-launching the product through the use of market repositioning strategies. The product can be
360 given a new re-birth to start off a new life cycle through the redesigning of the product to meet new needs and
361 changing the communication appeal of the product to make it appeal to new market segments. Recycle strategies
362 involve the efforts made at improving the sales of the product on a seasonal and periodic basis so as to elongate
363 its life and give the company more time space to develop replacement products. It includes a combination of
364 price lowering and increase in advertising expenses.

365 Where the product is characterized by low cost, the maturity stage should be handled using the stretch and
366 harvest strategy which involves the elongation of the life of the product (stretching) and investing the sales
367 proceeds in the development of a replacement product (harvesting). However this strategy can only be used
368 where the mature product is facing mild competition. An example of product life cycle concept coming to
369 play is that of Elephant Blue Detergent. When it seemed that the product was entering the decline stage, the
370 manufacturer introduced a new product known as the "New Improved Elephant Blue Detergent. As at now,
371 there are versions of the product that are packaged in cell packs to attract some market segment. Rank Xerox
372 in its own case extended the life cycle of their photocopying machines through carefully planned improvements
373 and launching of improving model with strong advertising appeal -"We taught the world to copy".

374 A pertinent question to ask is whether or not the product life cycle theory (PLC) is still relevant in international
375 marketing or it is a concept related only to domestic marketing. The answer to this is a qualified yes. This is due
376 to the non uniformity of the marketing environment existing in different countries. Hence a product reaching its
377 maturity stage in country A may be at its growth stage in country B. This is even more dependent on the type
378 of product strategy being used by the manufacturer in marketing its products in international markets.

379 A product like bicycle has definitely declined as a transportation product in the United State of American while
380 in a country like China, the bicycle is still much favoured as a means of transportation. Hence, for the PLC concept
381 to be well exploited in structuring international marketing strategies, the company must take into consideration
382 the nature of its domestic market as compared with those of different international markets, since a product may
383 be at maturity in its domestic market while it may be at its introductory stage in a particular foreign market,
384 and at the growth stage in another market. Hence, the company must classify the world markets into distinct
385 market groups in accordance to the level of sophistication in those different markets and introduce its mature
386 product in these markets, in rapid succession depending upon the degree of development and sophistication of
387 these markets, in descending order, as a product that has reached maturity in a sophisticated market may not be
388 introduced yet in a technologically and economically backward market. A marketer must therefore exploit to the
389 maximum the time difference between different markets. The PLC concept therefore, enable the international
390 marketer to monitor the progress of its product, its various markets and allow him to ensure the recovery of the
391 amount invested in the product in addition to profits (if any). It also assists in the formulation of marketing
392 strategies at the various stages of the product life cycle and inform the international marketers as to whether to
393 differentiate his existing brand or model or whether to introduce a new product in place of the old. For product
394 life cycle not to be a myth or magic therefore, one would expect companies to analyze the performance of their
395 products/services against the concept of the life cycle. This would enable them to plan a balanced product mix
396 and guide the allocation of marketing efforts. After the analytical processes, then a life cycle profile of the total

397 product line will be developed. The stages involved will include: determining percentage of company's sales and
398 profits which fall within each phase of a products life cycle, calculating changes in the life cycle and profit profiles
399 over a particular number of years; developing target life cycle profile; and developing corporate strategies (new
400 product programme, acquisition, product line rationalization etc).

401 It should be noted that new products should not be introduced indiscriminately; the total product range should
402 be evaluated, and related to marketing profitability and market share. Otherwise there is the danger that new
403 products could merely be competing with existing profitable products in a company's range while total market
404 share is not expanded. Above all, the product life cycle theory is particularly valuable in reminding management
405 that innovation strategies are important to business survival and growth.

406 A more realistic view is that life cycle analysis serves several different roles in the formulation of strategy, such
407 as an enabling condition, a moderating variable, or a consequence of strategic decisions. The life cycle serves as
408 an enabling condition in the sense that the underlying forces that inhibit or facilitate growth create opportunities
409 and threats having strategic implications. Market growth -or the expectation of growth enables competitors for
410 offering products directly to segments previously uneconomic to serve.

411 The stage of the life cycle also acts as a moderating variable through its influence on the value of market share
412 position and the profitability consequences of strategic decisions. This role is recognized through the inclusion
413 of product growth rates or life cycle stages as a major dimension in virtually all portfolio classification models.
414 Finally, a producer life cycle forecast is not a fait accompli which can only be reacted to but instead is only
415 one of several scenarios that are conditional on competitive actions.

416 V.

417 19 REASONS FOR PRODUCT FAILURE

418 The reasons why new product fails or succeeds are as follows: product deformity in product functioning, poor
419 design, lack of standardization, poor external appearance, poor packaging and labeling, failure by the organization
420 to identify its intended market and determine correctly through marketing research, product poor timing of
421 product introduction whether too soon or too late, improper and poor conceptualization (Buffer and Pletcher
422 1980) that is some products are found to have higher cost of production than what is anticipated and this would
423 led to higher per unit prices of the goods than the market is ready to pay for the product which invariably lead to
424 lower sales volume than expected and hence lower profitability, poor marketing communication, poor underlying
425 market intelligence, constraints that bother a new product capacity to attract and hold on to customers ??Monrge
426 1973), competitive problem as a result of product staying too long under market test such that competitors can
427 steal idea about the new product and introduce their own version of the new product into the market thus
428 throwing the innovative company off balance, lack of financial strength to execute adequate promotional strategy
429 to back up the product, poor marketing communication, poor underlying market intelligence, changes in product
430 quality, loss of customer trust, Inability to capture enough market, weak products, resource conversion technology,
431 product piracy, some products are forced to decline stage because of some many factors: political, government
432 and its age, social, economic, legal, political -government and its agencies -NAFDAC, SON, ban of major raw
433 materials, imitation -fake and adulterated, poor understanding of customers needs, product defects when very
434 serious may lead to product rejection.

435 Where products have defects or have negative after use effects, it may lead to customer's rejection of the
436 product, or even an avalanche of legal suits by customers seeking damages for injuries they might have suffered
437 due to consuming the product. The cost of damages itself can deal the final blow on the product. Deliberate
438 sabotage from within or outside the firm to kill the product may force the product to decline stage or make it
439 to fail. Therefore, marketers and production managers and quality managers must take careful notice of these
440 factors amidst others to elongate ^{1 2 3 4 5}

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Figure 1:

19 REASONS FOR PRODUCT FAILURE

7.	ADVERTISING	product awareness	Build awareness and interest in the mass	Stress differences	brand and
		early adopters and dealers	market wide trial	stimulate benefits	har core loya
8.	SALES PROMOTION	Use heavy sales promotion to entice	Reduce	to take	Increase to
9.	MANUFACTURING	facturing short runs over capacity	advantage consumer demand.	encourage brand switching	Many short runs decentralize sub

Source: Chester R. Wasson (1978) Dynamic Competitive Strategy and Product Life Cycles (Austin: 7 x: A different stages of the product life cycle.

- 2) It suggests different marketing strategies at different stages of the product life cycle. Precisely, the marketing programme should contain an appropriate mix in product quality, price, distribution, promotion, and mega-marketing strategies.
- 3) It shows the importance of planning for the totality of a new product or service from its introduction stage to the decline or disappearance of the product in the market.

Characteristics, Marketing Objectives And Marketing Strategies Of The Four Stages Of Product Life Cycle					
1.	CHARACTERISTICS	INTRODUCTION	GROWTH	MATURITY	DECLINE
Sales	Lows sales		Rapidly rising sales	Peak sales	Decline sales
Cost	High	cosper	Average cost per	Low cost per	Low cost per
Profits	customer Negative		customer	customer	customer
	Customers Innovators		Rising profits	High profits	High profits
Competitor	Few		Early adopters	Middle majority	Middle majority
			Growing number of	Stable	numbers

2.	MARKETING OBJECTIVES	gate awareness and trial	product trial	Maximize share	market	beginning to decline & intense
3.	STRATEGIES	Market development	Market penetration		market share	market share
					Defensive	the bra

441 the use of their product and prevent the ugly specter of product failure.

442 **.1 VI.**

443 **.2 CONCLUSION AND RECOMMENDATIONS**

444 Product life cycles, in spite of their varying time frames, are a helpful tool for encouraging managers at all levels to
445 think strategically. The great value of the product life cycle concept is that management, knowing what typically
446 happens at different stages in a product's life, should be able to improve its forward planning. Well-timed and
447 effective implementation of specific marketing actions may succeed in extending or stretching out a product's life,
448 especially if they are taken soon enough in the market maturity stage.

449 Planning in advance what steps should be taken to build sales and obtain the best profits during different
450 product life cycle stages is important companies that have these plans can take aggressive actions at the critical
451 times rather than reacting defensively to changing market and competitive conditions.

452 Since products and services have limited life cycle, it is important for marketing managers to plan the
453 replacement of their "expired" products and services. However, intelligent timing is important in product
454 replacement strategies. Product life cycles are very useful tool for strategies considering the accelerating of
455 change in recent years. In addition to making managers aware of interdependencies among operating areas like
456 research and development, production, finance and marketing, product life cycles force managers to consider the
457 timing of their efforts. As time passes, circumstances inside and outside the organization change. Thus strategies
458 need to be updated and reformulated accordingly.

459 Channel decision is not a static once-and for all choice, but it is a dynamic part of the over all marketing
460 planning. No matter how well channels are designed and managed, there are bound to be channel conflicts,
461 which can be vertical, horizontal or multi-channels in nature. Distribution channels and product life cycle are
462 very crucial to the success of any form of marketing efforts.

463 Channels and the product life cycle offer valuable insights into allocating resources, analyzing future problems,
464 opportunities and make managers to think strategically. Above all distribution channels and product life cycle
465 are particularly valuable in reminding management that innovation strategies are important to business survival
466 and growth.

467 In conclusion, this paper cannot be complete without asking why big companies likes Cadbury Nigeria Plc,
468 Paterson Zochonis Industries Nigeria Plc (PZ) Lever Brothers Nigeria Plc (LBN), West African Milk Company
469 Nigerian Plc (WAMCO), West African Portland Cement (WAPCO), Nigerian Bottling Company PLC, 7UP

470 Bottling Company Plc, etc. employ the services of distributors in marketing their different products. A proper
471 comprehension of the above analysis shows that where a proper channel choice and physical distributive strategy
472 are designed, the growth of the product is not only enhanced, but a relative market share growth of the company
473 will be guaranteed.