The effects of Product Development, Product Promotion & Product Innovation initiatives on the product life-cycles

A.V. Sekhar
Associate Professor, Hotel Management & Catering Technology, Dr. MGR Educational & Research Institute (Deemed University), Maduravoyal, Chennai-600095, India. Mobile -9600180355

Prof. M. Prabu
Dean, Faculty of Hotel Management, Culinary Arts, Aviation & De-novo Courses, Dr. MGR Educational & Research Institute (Deemed University), Maduravoyal, Chennai-600095, India. Mobile - 9840556060

Abstract
The paper is aimed at elucidating the measures that the marketers take to Develop & Promote products and do product differentiation through product innovations to manage favourably the product life cycles - fighting competition both for sustenance in the market and/or to enlarge market shares. They choose to create better and consistent customer awareness with emotional appeal on the one hand and add value to the products bringing in new or altered product features when needed to deliver enhanced benefits that the buyers in the market look for. That is, in order to give the products / brands prolonged life cycle, the marketers develop their products, do promotions and also product innovations (to add value to products for better performance, look & feel of them), in a bid to differentiate them from those other similar competing products/brands. Product life cycles are the captured performance graphs for the products, which could be considered as prescriptions for corrections of products and brands in their tangible and intangible features so as to make them spring back to perform to the levels. The paper thus focuses on the practices that the marketers undertake to do in order to win the hearts of the buyers. The larger objective of the paper is to throw light on all the initiatives of the marketers which they would do to match the customer preferences

Keywords: Product Development – Product innovation – product differentiation – product lifecycle – consumer preference

Introduction:
Products and Services are essential in our lives. Some products / services sustain lives, some provide safety, some of them provide ease and comfort, and yet some enhance esteem. Since human needs and wants are multitudinous the products and services that people look for keep growing in number. Such products and services are chosen based on considerations of quality, price, availability and what all they do to their lives. Dependence of one on others for products and services-- as individuals or organizations - is an age old practice. The secret of happiness in the material world is to make products and provide services to others
and also be provided with products and services by others. It is humanly impossible for people to meet all the needs themselves without depending on others. We need products which deliver benefits and beneficial services, and we also need people’s professional services. Daily lives of all of us are therefore dependent on products and services. Without products and services our lives will be a big clutter. They are mainly intended to meet the basic needs and also to ease and comfort us. They also enable us to plough back time to take care of our other interests in life. Products and services also connect people. What we do is in turn an offer of service to others – be it individual or an organization (an organized group of people).

Marketers develop products (and services) which people buy and use. Providing of products and services are both different from each other. Certain needs of people will be better met through the services offered by people, rather than products intended to deliver such service. For our study here we look at both product and service as an offer of benefit to the buyers, who own/hire them to meet their needs and wants. In a market there will be different brands of the same products offering more or less similar product features showing advantages and delivering benefits. Among the brands in the market, some sell the most and others sell in different quantities and such differences exist because of the customer preferences being different and also the emotional influence that plays in the purchase of certain brands by the buyers. Deeper study reveals that logically the features of such products/brands could be more or less same, at least not justifying the difference in quantities bought by customers. So there are several factors that shape the consumer preferences which drive the performance of products in the market and the product life-cycles of each of them hence follow different patterns. While it could be logically assessed why a product/brand is performing the best to a larger extent, there will be an amount of hazy rationale which still plays significantly making different products/brands perform differently, which the logic cannot fully explain. Product life cycles are the captured performance graphs for the products, which could be considered as prescriptions for corrections of products and brands in their tangible and intangible features so as to make them spring back to perform to the levels.

A product or a service is built with great care to ensure that it has the required features providing a core benefit and over which are built other features to make it a product with a primary benefit together with auxiliary benefits making it a consummation of benefits offered through the product/service. One who buys a product will enjoy the core benefit of the product that it is intended for and also the other auxiliary benefits that the other features added provide. So a product – in marketing – is defined as anything that is offered at a price and which primarily provides the core and the added benefits. One who has the specific choice of brand of a product when buying, he or she is supposed to have been impressed / influenced by the intensity of the core benefit of the branded product and also with the added benefits that they can enjoy, which the product delivers through the features that it is made up of. The profile of any product and service therefore constitutes the core product (innermost & basic benefit) and the actual product which is built with other features such as Quality, Colour, design, etc.

Research Method:

Study and Review of Literature and also the current market happenings in regard to the marketing techniques that the marketers are adopting, have been kept in the background to make clear the rationale
Results & Discussions

Products are not static

Products are meant for providing service which is expected to be one of quality, for an expected period of time and to give an overall feel of comfort for the users. Products do not change unless the marketers intend to bring changes; marketers will not intend to alter the product features unless customers choices are indicative of that, or there is a danger of the competition eating into the market share existing for the product / brand at any given time. But with the market becoming more competitive on qualitative, pricing and other factors, every marketer is forced to think in terms of indulging to do changes in the required area of the product profile. As is known, any product profile is built with three layers of features – Core Product; Actual product & Augmented product. In the normal circumstances, products fighting in competition would add / alter features in any one of the three areas, through which they could claim that they are unopposed in the competition with respect to that particular feature that they add into the product profile. With the marketing communications focused on the special features added, the marketer of the product / brand could make the customers to get interested in trying out the product for the advantage and benefit that the added feature/s delivers.

Ref.No.1:

Product life cycles are the captured performance graphs for the products, which could be considered as prescriptions for corrections of products and brands in their tangible and intangible features so as to make them spring back to perform to the levels needed. It is therefore a scenario and trend showing graph for products post product-development & introduction. Product development is done based on expected service and value that the customer looks from the product. In other words the product that is developed and introduced in the market is constructed with the features expected to meet the needs and wants of the buyers. The focus of the marketer in doing so, would be to essentially ensure that the functionality intended of the product is built and strengthened to provide an optimum level of service quality for an optimum level of time period. But the real picture about the response from the buyers – i.e. purchase, re-purchase and satisfaction derived by the buyer, will be visible only from the product life cycle that is captured from the product’s performance in the market. Product life cycle will indicate different stages of the life. A short life of a product understood from the ‘product life cycle’ studied indicates that the number of buyers is decreasing since they are finding the product less beneficial or the interest and inclination to buy the specific product is decreasing, when compared to other products / brands in the market. The behaviour of the buyers will be an indicator for the marketer to know for sure the correct reason – why; and take necessary corrective action, if the product has to be elevated with the innovated features more than the awareness about the product among the buyers. If awareness is found to be the problem, the first action of the marketer to correct would be enhancing the marketing communications about the availability, quality
and price to pull the buyers attention and interest through logical and emotional appeals through the creatives.

When communications are found to be adequate, despite which, the sale volumes are falling, the reason could be that competitors are eating into the business of the organization, in which case, market research would throw light on what should be the corrective action. Invariably, such research would reveal a need to do an innovative correction in the actual product area, through which the product/brand could get back its share of market. For instance, during this time when Covid-19 Viral infection is prevalent, any soap with efficient germ killing feature would sell better than those not having the required feature. Product innovation is therefore a moderating tool for correction in the market for products.

“Economic theory has primarily viewed an innovation as a single, discontinuous change. Historical and empirical evidence, on the other hand, shows improvements to original technologies and quality additions to early products. We focus analysis on competition in post-discovery phase, emphasizing in particular that a key dimension to this competition is the innovations that lead to product differentiation and quality improvement.”

Ref. No.2

“Past studies on product life cycle are mostly conducted from the angle of product features, less are from the perspective of consumers’ preferences. In essence, while product life cycle becomes shorter and businesses continue to strive for survival and growth, a thorough understanding of the market circumstances and the preferences of the consumers will enable businesses to design new products that meet the market need and to satisfy the need of the customers (Kotler, 2000).”

Ref. No.3

Study reveals that on deeper analysis, we could bring clarity on the abstract rationale which could be ratified through an empirical study:

(1) **Classical pattern: Bell-shaped curve**

This is the normal product life cycle – where in products are introduced packing the product profile with the expected features in the three regions of profile – Core Product, Actual product and Augmented product, and doing the marketing communications and promotions needed – more during introduction and Growth phase – in a calibrated manner, and continuing the efforts in the maturity phase and the decline happens – as shown by the sloping curve.

The pattern shown here explains the customer’s mind which follows the pattern like – 1. Receiving first Information about the product, getting impacted by what the product can do, getting interested to know more and look for the possibility to acquire; getting driven through facilitation (which creates demand for the product) and acquisition of the product for usage, repeat usage. After a while straying to get attracted to other products / brands, which could be new or augmented and upgraded. The loss of customers to a product or brand happens with the inevitable pull of the Actual and Augmented product features of other competitive products.
(2) **Cycle-recycle pattern:**

In this pattern of the PLC – the first and the original cycle gets completed with marketing efforts put forth as indicated in the classical pattern with the promotions carried out as required. The second cycle would start and repeat to depict the overall performance as the first Cycle, but the range & life duration will be shorter than the first one. Such cycles could be repeated with the efforts put in as done for the second cycle, but the ranges and life durations become lesser and lesser – depicting the decreasing impact of the product on the overall product.

The pattern here is, repeat cycles are smaller and shorter. The rationale is the promotional efforts done to pull the customers who did repeat purchases – reasons could be a strong feature of the product /brand masking the strengths of the other new products with better profiles, sub-conscious acts of purchase and other marketing weaknesses of the new products throwing doubts in the mind of the customers.

(3) **Growth-decline-plateau pattern:**

When a product is introduced to the market, the sales volume increases rapidly and declines to a stable state. The stable state of sales volume is created because of the initial purchase of the later adopters and the replacement purchase of the earlier adopters. In this pattern of PLC, rationale is similar to the “Cycle-Recycle” pattern apart from the loyalty of some of the customers remaining with the first product brand apart from “initial purchase of the later adopters and the replacement purchase of the earlier adopters.”

(4) **Innovative maturity pattern:**

If the sales volume either keeps growing or showing only small gaps of neutrality in between with no signs of decline the pattern is called Innovative maturity pattern. Reason could be on account of discovery of new product feature, new uses, or new users. This essentially happens with the focus of the marketers on the Functionality preference of the buyers.

**Need for addition / modification in features**

So the need for altering the features of the product profile – either through adding, removing or changing the features becomes imperative. This act of addition / modification of the features is to differentiate the product/brand from other fighting competitors, thus indulging in innovation. Invariably, the need for such an eventuality would arise only from the product/s / brands which are closer and with similar market shares. The product differentiation at that time becomes mandatory otherwise the brand could lose business volumes. Product differentiation through innovation, hence, keeps happening in a dynamic market scenario.

Ref.No.4
Added pressure on the manufacturers:
Product differentiation means additional pressure on the manufacturers to take decision as to which attribute needs to be innovated and shown as USP. Product differentiation may provide scope for increasing price, but then that depends on what the competitor did.
Ref. No.5

Added Features give scope for added value / revenues
No feature is added or altered without a strong objective as the purpose is to add value expected to garner more sale volumes and revenues. Adding Features for the sake of just adding will be a wasteful exercise unless it is a part of strategy, otherwise it would be a self-defeating exercise. And every such feature added / modified should bring in a strong beneficial outcome, which the customer/s would welcome. Product differentiation through innovation, therefore, will be a definite need for the marketers at a time when the competition products / brands do so.
Ref.No.6

Features are “Features-advantages-&-benefits”
Adding features is an act - built on a desire to upgrade the product status. It is both logical and emotional to think of adding features. For a physical product, the features are mostly added in the actual product, as this part of the product profile only means an added value to the customer, as the customer would derive a visible benefit which appeals more, rather than one done on an abstract area of the product. Adding feature to the Core product area too is done, but the marketer cannot get into the act impulsively, as it would sometimes be a disaster, as the core product is the one that the fulfills the need of owning the product. Core product is closely connected to the “Functionality of the Customers preference”. Any change wrongly done could end up in a great loss even in getting rejected by the customer – forgetting all the glory of the past. So any feature added is carefully done examining and testing the advantages and benefits out of them which are distinct and visible. Further, change in core product will be, normally, seen as a different product altogether – rather than working on the existing product.
Ref.No.7

It should look “more value for the same amount of money spent”
Customer perception is one very important thing that the marketers always keep in mind. The product differentiation and the corresponding feature addition or alternation, if visible, or could be strongly felt and perceived, then such a change would result in a greater advantage to the marketer. The objective is to either maintain the share of sale volume or increase the sale volume depending upon what makes the marketer to indulge in the product differentiation through innovation.
Ref: No.8
More benefits does not mean higher price
Product differentiation effort does not mean price change, though most of the times it calls for that. In fact the product differentiation is more to retain the market share than to aim for increased sale volumes and sale values, though that also is expected. When the product is well accepted, then the marketers think of price revision suitably at the appropriate time.

More for less should be the objective
In times of recession and also when the marketer of a product / service wants to alternately position the company’s brand could resort to “More for less” concept. Offering a product or service at a price, which is seen as a “throw away price” could be in the normal circumstances priced marginally higher, as the perception of the customer would still be positive and engaging. So offering more in quantity or value for a product or service for a price which is perceived as less, shows the strong objective of the marketer and the desired result could be for a niche positioning that is aimed at.

“During the economic downturns of the early 1990s and early 2000s, law firms tightened their belts and priced themselves more competitively, but did not change the way they worked. In contrast, this recent recession has spawned alternative ways of sourcing routine work, innovative uses of technology, new entrepreneurial suppliers of services, and different delivery and business models. Clients have benefited from these, or at least have seen clearly what different might look like. By and large, they like what they see: more legal service at less cost. Why on earth would they go back to less efficient, more costly service? And even if they were inclined to time travel back to 2004, their CEOs and stockholders are unlikely to tolerate this. The genie is out of the bottle"

Ref.No.9

Product Variant
Developing “Product variants” is an alternate way to fight competition. If the competition product has started doing better for a definite reason, and such a situation is not on account of lack of marketing communications and normal promotions, then the marketer of the product would have two choices to adopt – one - do a product innovation and two develop a product variant. In a market scenario where a company’s sale volumes are showing signs of decline, the marketers doing a smart market research could discover a strong rationale leading not to a need for innovation within the product profile, but an all new product / model, which could be closer to the first one (in functionality) but yet a strong feature that makes it a variant and of different genre. Product variants are mostly closer to the earlier product in the functionality part but could vary in visibility endowed with a strong additional feature. This kind of marketing strategy could turn out a brilliant outcome, which could change the whole fortune of the company.
The classic example for success on innovation in bringing out a Classic SUV – could be quoted here. “Scorpio”, the dream of an SUV, as the Company - Mahindra & Mahindra Ltd. - experienced the great success of it through its performance:

“It took 120 people. 19 teams. 7.4 billion Rupees. 75 prototypes. Managing design and development, testing and validation, manufacturing and supplier development in-house. And going global with its creation, partnering with our suppliers every step of the way.

“We made innovators of not just ourselves, but of our suppliers too, making Project Scorpio a truly global story.”

“Designed in India and the UK. Engineered in Germany and Austria. With American interiors. Seats made in Italy. Panels in Sweden. A body in Korea”

Together, we produced a 109 horsepower best-in-class engine that met global Euro III emission standards. It also looked great, because as a prospective customer put it, “No one sees my house, but everyone sees my car.”

Ref.No.10

Are the products’ Lives end-less

The life cycles of products though are not endless, some very popular brands stay long enough to give a feeling that they live ever. Every time the product with its profile either finds a strong contender in the market or the marketer decides to give it new avatar, the product is innovated with new features, advantages and benefits to engage the customers and make them feel that the product that they buy is a leader-brand – the brand that is unique and world class. So to fight the competition the marketers differentiate the product with new features and to lead in a new pathway, the market leader does innovation. Thus the product life-cycles are redrawn and the rejuvenated – either by differentiation or by innovation and the product thus takes a new avatar.

Ref.No.11

“The relationship between product innovation and product life-cycle pattern

Rochford and Linda (1991) discussed product innovation from the various perspectives of consumers, businesses, and market. From the perspective of the consumer, product innovation refers to providing new products that are more effective for the consumers (Benner and Tushman, 2003; Zheng, Yim and Tse, 2005); from the perspective of the business, product innovation refers to greater novelty of a product’s related market, technology, and production method; from the perspective of the market, product innovation is evaluated from the fact if the new product contains functions that are not seen in the existing products. David (2005) believes that product innovation is the “incremental changes and improvements” in product,
service, and process. It includes creative response and solution to meet the need and expectation of the consumers and the market, the driving force of the business circumstances, and requirement of the organization strategy."

How strong and long living brands sustain in and rule the markets
For a Strong and long living brand like “Colgate”, it has been the customer-centric culture of the company, which made the consistent customer focus to keep providing benefits to customers. It is - Product development, innovation, pricing and various other features - that kept addressing the customers’ interests which made the brand Colgate a supreme brand. The product life cycle patterns have been reflecting the trends meeting of all the customer preferences which is the secret of the longevity of the strong brand equity.

“Colgate Company is a typical market oriented company, operating in more than 200 countries. They are providing many new employee oriented programs both for senior level and entry level people. They are aware of their social and ethical responsibilities. They are managing the consumer and business market in an effective manner. They face their competitors and feel proud to take it as a challenge. They feel pride in making their customers happy. They know how to conduct their business in international communities. They maintain levels of the CRM at the company to ensure good customer support. The way they have proved themselves in consumer, business and international markets, they still have a high aim to attain more and more”

Ref.No.12

Consumer preferences vs. Product Life Cycle patterns
On a general observation one could see that when the consumer choice has a greater emphasis on financial preference, functionality preference and external look preference, the PLC patterns would be correspondingly – Growth-decline-plateau pattern, Innovative maturity pattern; and cycle-Recycle pattern, in the order mentioned.

| Consumer preference       | PLC pattern              |
|--------------------------|--------------------------|
| Financial preference     | Growth-decline-plateau   |
| Functionality preference | Innovative maturity      |
| External look preference | Cycle-Recycle            |

Functionality preference shows a greater significance in relationship, in comparison with the other preferences of the consumer. The product life cycle shows an Innovative maturity pattern with product finding new uses and new users.

Product Innovation preference shows similarly a relationship of significant nature with the Product life-cycle. PLC here shows a Cycle-Recycle pattern initially followed by Classical pattern. Product
Innovation preference exhibits a moderating effect and it balances consumer preference with the product-life cycle.

Financial preference and its relationship with Product lifecycle may not show any significance initially, but with the moderating effect of product innovation on the Product life cycle, financial preference also starts showing up its significance and it grows gradually.

**Ref.No.13**

**Does emotion win logic**

It is also felt strongly that 80% of the purchase process is emotional. If this aspect of purchase process is ignored by the marketer, it would be a disaster. The buyers, however analytical they are, would exhibit their individuality by attaching an emotional bond to products and brands. Of course the functionality and the price would be an initial take but the winning strike will be the emotional indulgence ultimately. So the emotional appeal has to be of great importance. Even the selection and the evaluation which are supposed to be logical aspects are often done with an emotional outlook.

**Conclusion**

Core products provide basic utility value – Food satiates hunger; Water quenches thirst. A vehicle meets the travel need, a mobile phone meets the communication needs. All these – as products – in general act as core products. While core products meet the functionality needs, many times the core products cannot be offered as they are, but over which several features have to be built up without which the core product may be found to be too crude and requires the desired value additions. The value additions become very essential and they would sometime become most essential without which the core product could itself be done away with. Water quenches thirst, but water needs to be made clean and drinking water, so there is an element of value addition, through a process, which is an essential requirement. Similarly most of the products even the naturally available things need to be at least processed before we could use them or consume them.

Products and Services appeal to the buyers in terms of what they do to their needs. While logical needs are essentially to be fulfilled, emotional needs and abstract value additions could score over the logical requirements and win the hearts of buyers. Studies reveal that even the selection and evaluation are sometimes done emotionally.

The paper detailing on all aspects of Product profile – the core and the actual product features – corroborates to say that the buyers first and essentially look for the functionality needs which the products and their features are meant for. And it is found that the Functionality needs, if met by the products, their product life cycles show greater presence in the market than the other preferences such as product innovation preferences and financial preferences. If the functionality needs are met, there is a rare chance of the buyers to look for alternate products and services, but when there is competition which matches the
products having greater functionality aspects, then the consumer preferences would look for Product Innovation aspects of the matching products / brands and later the financial preferences would start having its impact. The paper thus concludes that the products with Functionality uniqueness and emotional appeal would rule the market and others try to retain their positions by product innovation and price wars. But then the buyer enjoys the unique position to wait and watch to get the best of value that would be possible from the products or services. And the marketers sometimes win over the buyers with emotional dealing with the buyers, as the buyers often fumble by making buying decisions through selection and evaluation also done through emotional approach.

It is therefore visible in the discussions that the marketers have to necessarily respond positively in the Product development stage and also while innovating product being present in the market, to the customer preferences which will keep focusing on all aspects of their choices – Functionality preferences; Product Innovation preferences and finance preferences. The products with the ideal mix of offers would rule the market and others follow in the race.

References

(1) https://marketbusinessnews.com/financial-glossary/product-differentiation/
(2) Prajit K. Dutta, 1990. "Innovation and Product Differentiation," Discussion Papers 894, Northwestern University, Center for Mathematical Studies in Economics and Management Science.
(3) Journal of Business and Retail Management Research (JBRMR) Vol. 8 Issue 1 - October 2013
(4) https://www.productplan.com/glossary/product-differentiation/
(5) https://www.feedough.com/product-differentiation-definition-types-importance-examples
(6) https://www.productplan.com/glossary/product-differentiation/
(7) https://www.entrepreneurship.org/articles/2007/01/productservice-features-and-benefits
(8) https://www.finance-ni.gov.uk/articles/definition-best-value-money
(9) https://thepractice.law.harvard.edu/article/speakers-corner-richard-susskind/
(10) https://www.mahindra.com/stories/scorpio
(11) https://marketingland.com/building-a-brand-strategy-essentials-for-long-term-success-240712
(12) https://www.ukessays.com/essays/marketing/successful-marketing-strategy-of-colgate-marketing-essay.php
(13) Journal of Business and Retail Management Research (JBRMR) Vol. 8 Issue 1 - October 2013