Study of the product life cycle strategies of FMCG product

[1]Ayush Badodiya, [2]Dr.Devendra S. Verma

[1]Research Scholar, [2]Assistant Professor,
[1]Department of Mechanical Engineering (IEM),
[1]Institute of Engineering and Technology, DAVV University, Indore, India.

Abstract : Portfolio planning is a simple concept for knowing whether the company should use its money and capital over a period or not, this helps the organization to maximize its profit over a long range of time. Product life cycle (PLC) is categorization of a product in various phases of its life cycle. Starting from its introduction, to growth, maturity, and lastly decline stage. The research investigates the position of a product in the product life cycle according to portfolio planning method.

***IndexTerms – BCG Matrix, Mckinsey Matrix, Management strategy*.**

I. INTRODUCTION

The concept of a product life cycle has occupied a prominent place in the marketing literature, both as forecasting tool and a guideline for corporate marketing strategy. In its simplest form, it serves as a descriptive model of the stages of market acceptance of a product. There are several factors which can and do affect product's life cycle in the market such as customer's needs, competition, new technologies and other aspects of marketing environment. A firm's competitiveness is increases through effective product and marketing strategy which involves production of a variety of products and successfully marketing them. The deep knowledge of marketing management is most essential to improve products life cycle.

Boston Consulting Group (BCG) Matrix

Growth-share matrix is a business tool, which uses relative market share and industry growth rate factors to evaluate the potential of business brand portfolio and suggest further investment strategies.

There are four quadrants into which firms brands are classified

Dogs, Cash cows, Star, Question marks

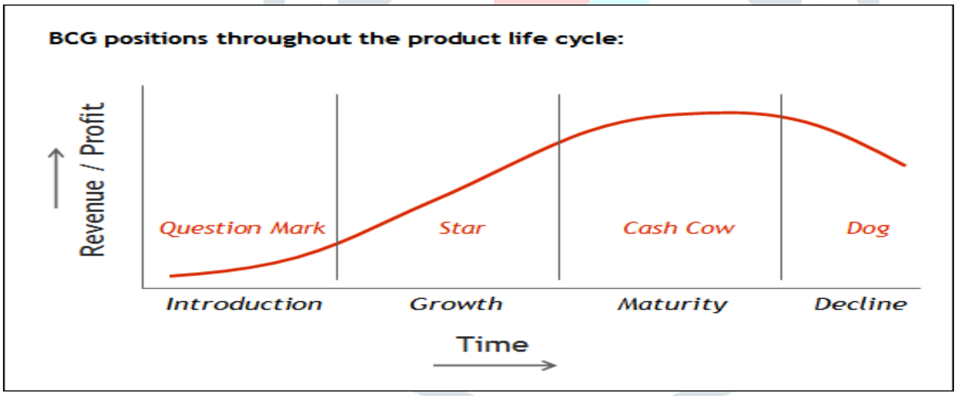

Fig.1 Showing BCG position through PLC

McKinsey nine-box matrix

It is a strategy tool that offers a systematic approach for the multi business corporation to prioritize its investments among its business units.GE-McKinsey is a framework that evaluates business portfolio, provides further strategic implications and helps to prioritize the investment needed for each business unit (BU).

II. RESEARCH OBJECTIVES

To study the product life cycle of the Fast Moving Consumer Goods (FMCG) products of patanjali brand and implementation of BCG matrix and study of mckinsey matrix. And study the management strategies of the FMCG products and to know for which product company should go and to invest in further.

III. METHODOLOGY

The main aim of this research is to study the product life cycle of the FMCG (fast moving consumer goods) products and implementation of BCG matrix and study of mckinsey matrix and also the management strategies of the products. This research methodology consist of following steps:-

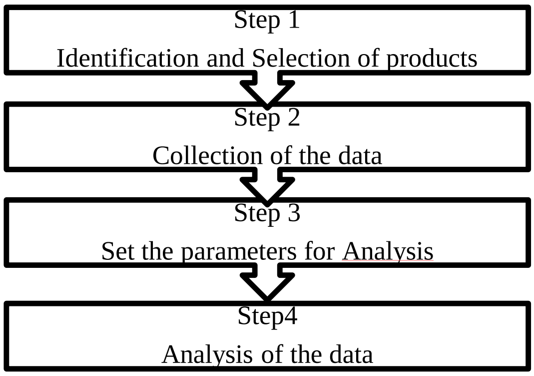

Fig.2 Showing project methodology

Identification and selection of products

Problem Identification is a first step of research methodology in which different products of a FMCG company are identified and selected. For this purpose the brand name Patanjali has been considered in which the following product of this brand has been selected Dantkanti, Kesh kanti ,nd Neem soap

Collection of data

The data for this study has been collected from the distributers in the Indore region. In this study data needed is collected from different sources i.e. (primary and secondary sources)

Data require for study

Annual consumption (Units), Annual consumption, Industry growth rate, Industry profitability, Brand value

Data Analysis and Formulation

Steps required for performing BCG matrix analysis

The first step is to choose the unit then define the market and after that calculate relative market share and finding out market growth rate and final step is to draw the circles on a matrix

Steps required for performing GE McKinsey analysis -There is no established processes that managers could use when performing the analysis. So we designed the following steps to facilitate the process

Initial step is to determine industry attractiveness of each business unit and the competitive strength of each business unit and then Plot the business units on a matrix and analyze the information to identify the future direction of each business unit

Data Calculation

Calculation for Dantkanti

Table 1:

Year	Sales (In Unit)
2018-19	287130
2019-20	310420

$$MGR = \frac{310420-287130}{287130}$$

MGR=8.11%

Table 2:

Brand	Market Share	Relative market share
Patanjali	0.19	0.76
Colgate	0.25	1.19
Dabur	0.20	0.80

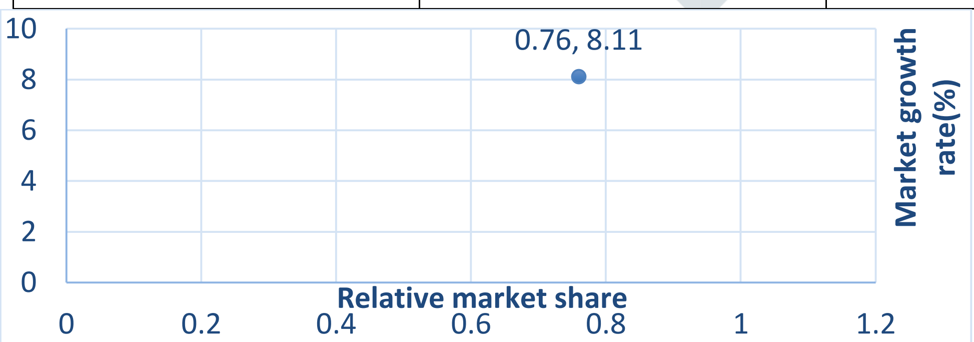

Fig.3 Graph showing position of Dant kanti in BCG matrix

Calculation for Kesh kanti

Table 3:

Year	Sales (In Unit)
2018-19	58000
2019-20	62000

$$MGR = \frac{62000-58000}{58000}$$

MGR= 6.8%

Table 4:

Brand	Market Share	Relative market share
Dabur	0.42	1.27
Patanjali	0.23	0.54
Emami	0.33	0.78

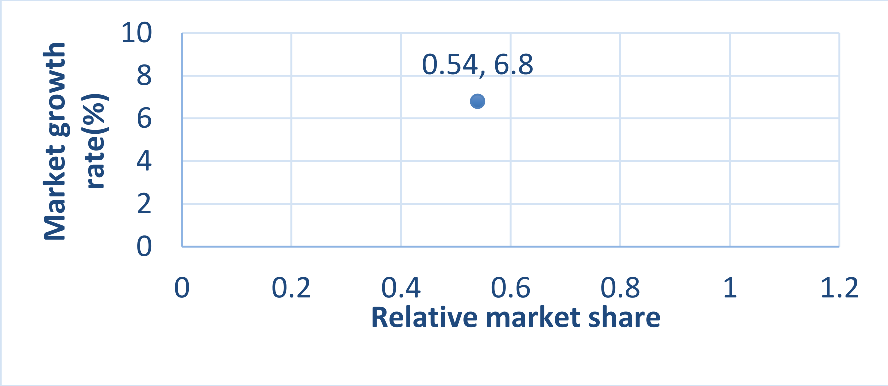

Fig.4 Graph showing position of Kesh kanti in BCG matrix

Calculation for Neem Soap

Table 5:

Year	Sales (In Unit)
2018-19	126000
2019-20	135000

$$MGR = \frac{135000\text{-}126000}{126000}$$

MGR=7.1%

Table 6:

Brand	Market Share	Relative market share
Himalaya	0.50	2
Patanjali	0.23	0.46
Godrej	0.25	0.50

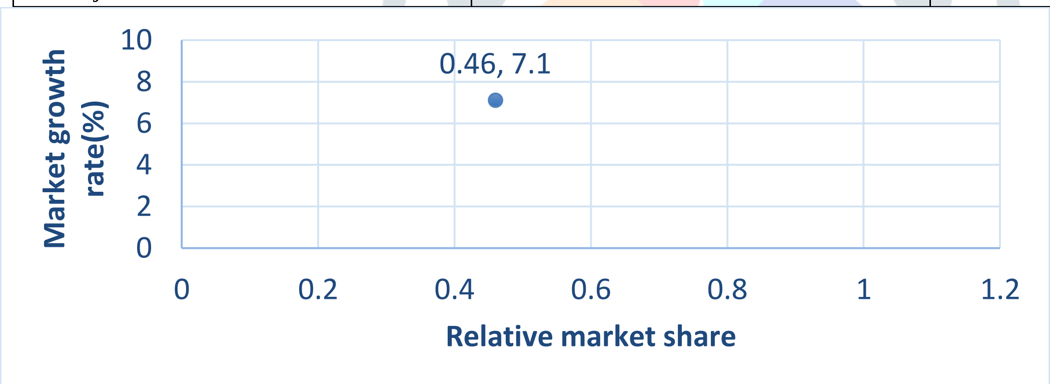

Fig.5 Graph showing position of Neem soap in BCG matrix

Mckinsey matrix analysis

Industry attractiveness							
		Dantkanti		Kesh kanti		Neem soap	
Factors	Weight	Rating	Weighted score	Rating	Weighted score	Rating	Weighted score
Industry growth rate	0.4	3	1.2	2	0.8	2	0.8
Industry size	0.4	2	0.8	3	1.2	4	1.6
Industry profitability	0.2	4	0.8	2	0.4	1	0.2
Total score	1		2.8	-	2.4	-	2.6

Business Strength							
		Dantkanti		Kesh kanti		Neem soap	
Factors	Weight	Rating	Weighted score	Rating	Weighted score	Rating	Weighted score
Market share	0.3	3	0.9	2	0.6	1	0.3

Brand value	0.5	3	1.5	3	1.5	3	1.5
Relative growth rate	0.2	4	0.8	2	0.4	2	0.4
Total score	1	-	3.2	-	2.5		2.2

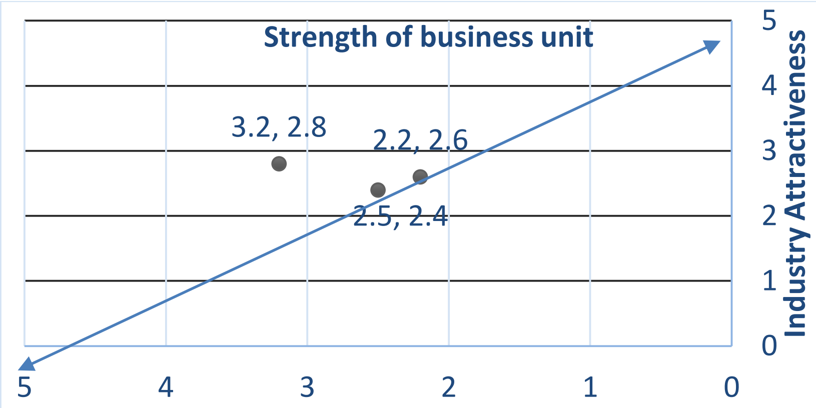

Fig.6 Graph showing position of three products in Mckinsey matrix

Study of the marketing strategies at various stages of PLC

Marketing Strategies for Introduction Stage:
Introduction stage is marked with slow growth in sales and a very little or no profit. Note that product has been newly introduced, and a sales volume is limited; product and distribution are not given more emphasis. Basic constituents of marketing strategies for the stage include price and promotion. Price, promotion or both may be kept high or low depending upon market situation and management approach

Following are the strategies during the first stage

Rapid Skimming Strategy: This strategy consists of introducing a new product at high price and high promotional expenses. The purpose of high price is to recover profit per unit as much as possible.
Slow Skimming Strategy: This strategy involves launching a product at a high price and low promotion. The purpose of high price is to recover as much as gross profit as possible. And, low promotion keeps marketing expenses low. This combination enables to skim the maximum profit from the market.
Rapid Penetration: The strategy consists of launching the product at a low price and high promotion. The purpose is the faster market penetration to get larger market share. Marketer tries to expand market by increasing the number of buyers.
Slow Penetration: The strategy consists of introducing a product with low price and low-level promotion. Low price will encourage product acceptance, and low promotion can help realization of more profits, even at a low price.
Marketing Strategies for Growth Stage: This is the stage of rapid market acceptance. The strategies are aimed at sustaining market growth as long as possible. Here, the aim is not to increases awareness, but to get trial of the product. Company tries to enter the new segments. Competitors have entered the market.
Marketing Strategies for Maturity Stage: In this stage, competitors have entered the market. There is severe fight among them for more market share. The company adopts offensive/aggressive marketing strategies to defeat the competitors.Following possible strategies are followed:
1. To Do Nothing
2. Market Modification
3. Product Modification

Marketing Strategies for Decline Stage:
Company formulates various strategies to manage the decline stage. The first important task is to detect the poor products. After detecting the poor products, a company should decide whether poor products should be dropped. Some companies formulate a special committee for the task known as Product Review Committee. The committee collects data from internal and external sources and evaluates products. On the basis the report submitted by the committee, suitable decisions are taken

IV. RESULTS AND DISCUSSION

Dantkanti is found to be in growth stage as the Result of BCG matrix analysis
Kesh kanti is found to be in introduction stage as the Result of BCG matrix analysis
Neem soap is found to be in introduction stage as the Result of BCG matrix analysis
Dant kanti falls under the invest/grow box according to the Mckinsey matrix Analysis
Kesh kanti and Neem soap falls under the selectivity/earning box according to the Mckinsey matrix Analysis

V. RECOMMENDATIONS

Improvement in packaging of the products as they lack attractiveness in case of many patanjali products, Packaging does not attract materialistic people.Product availability must also be improved, as shortage of products is many times indicated by the customers. It is recommended that company should cut down the product lines which are not aligned with its core offering. Apart from that, Patanjali should consider going for a trial version with samples in a small locality. If the product clicks, then only they should go for mass production scale for that product. Increasing the price to bear the cost of promotions and other activities may prove fatal to the company and the customers may switch back to the commonly available FMCG goods.

VI. CONCLUSIONS

PAL had made a huge landfall in FMCG sector and many other lines of food products along with beverages, healthcare and medicines, personal care products, and cleaning agent, For any FMCG company, advertising and promotions typically account for 12–20 percent of revenue expenditure, but this was significantly taken care of by Baba Ramdev's branded house strategy. During the introduction stage, PAL followed a unique word-of-mouth publicity model, and the brand loyalty of its customers proved successful for the company which eventually helped them save on marketing and advertising costs as well, The ayurveda division of Patanjali is the star performer with products like Desi Ghee, Dant Kanti toothpaste, Kesh Kanti shampoo, herbal bath soap and Patanjali Honey being the star performers for the brand. Patanjali ghee is the largest selling product of the company. Patanjali claims that its shampoo has a 15 percent market share, toothpaste 14 percent, face wash 15 percent, dishwash 35 percent, and honey 50 percent.

VII. FUTURE SCOPE

This study can be conducted on other products of Patanjali as well as other FMCG products such as Himalaya, Dabur and other brands and the Region for the study can be increased.

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