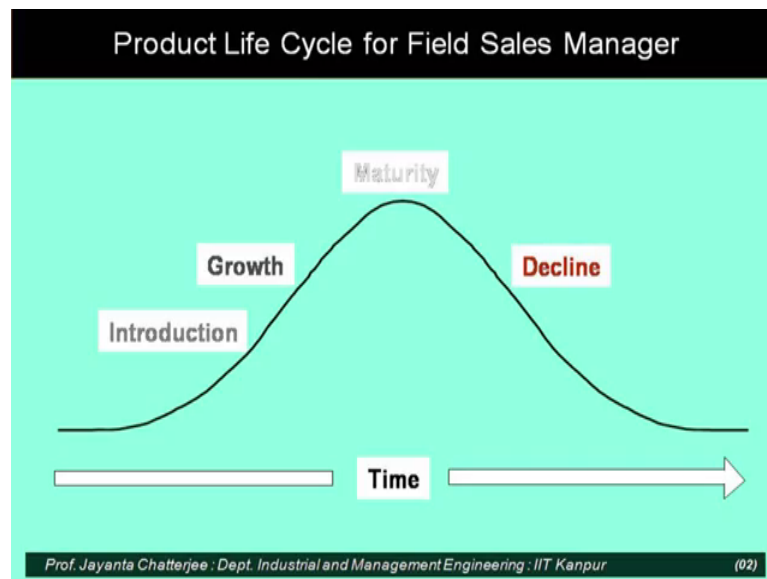


Management of Field sales
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Lecture – 05
Managing Product Life cycle

In our course on Management of Field Sales, today is our 5th session ending the first week. And after the preliminary discussions on selling styles on adaptable selling on flexibility in your style projection, we are now going to take up another site which will also guide your process, sales process. As I mentioned in the previous session that your style of selling, your communication and behavioral projection should not only look at the buyer and his or her behavioral pattern and communication style preferences, but you should also look at the nature of the product the goods and services that you are selling, because that will also give you clue to the nature of the customer.

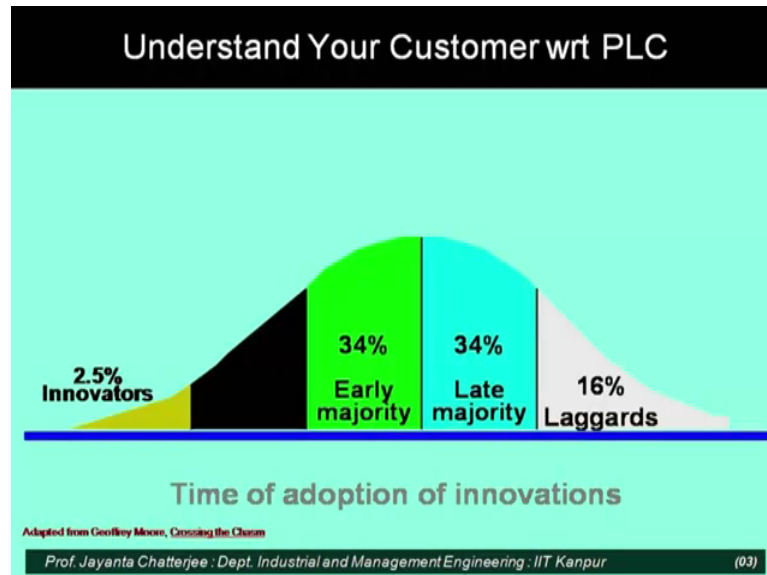
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This diagram that you see here is quite famous. And this is the diagram of product life cycle. As you see here we normally we call it a like a normal distribution graph it depicts that all products, all businesses, all technologies have an introductory stage, growth stage, reaches maturity and then declines over time, it is kind of depicts the lifecycle in the organic world and so we call it the product lifecycle. Important here is to understand

that even though we are talking about life, the products are not exactly always organic and there are variations that we will now just now see.

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But more important for us to understand the depending on the stage at which the product is on the lifecycle graph or the technology is the underlying technology of the product, the goods or services that you are offering depending on in the life cycle stage different kinds of buyers will dominate the sales activities. So, like in the very early stage when the product is an introductory stage, it is a very new product, new to the world, new to the market. The first set of buyers they represent about 2.5 percent and of the total number of people generally is they are called innovators.

And then they come to the next stage together these innovators and the early adopters represent about 16, 17 percent of the total market. The understanding of the PLC or Product Life Cycle has various dimensions, but in today's session we are going to focus on understanding of the PLC with respect to the nature of the customer, who will be attracted to that product or technology at that stage. And that can give you clues to your own communication package. So, as I was mentioning that the first set of buyers or the 2.5 percent or so of the market the innovators and the next stage the early adopters together representing 14, 16 percent of the markets are usually risk takers.

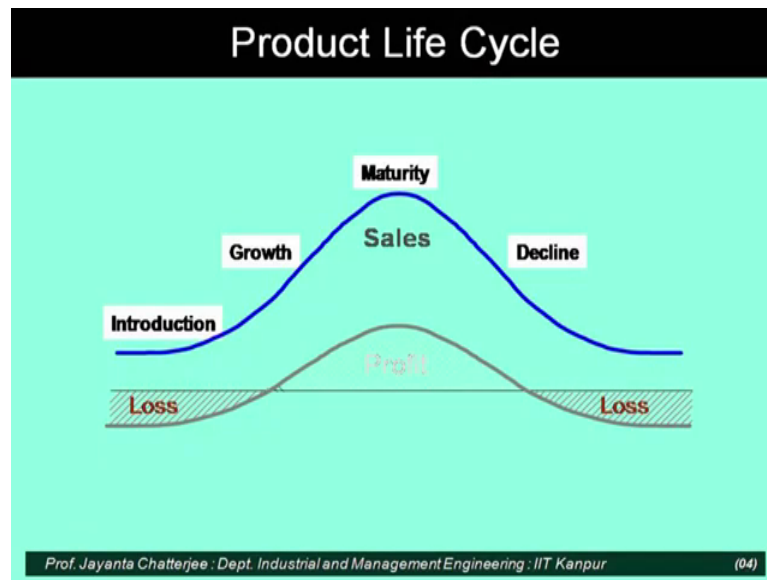
They are people who want to experiment with the latest, the fastest, the brightest and they will be very technology quantitative feature oriented and they will be actually

focusing more on performance issues. And maybe quite prepared to be a pioneer, and therefore, taking some risk. On the other hand, the 34 percent the next segment the people, who are in the early majority or even the next state the 34 percent of the market which is the late majority, these are people who are increasingly risk averse, which means at this stage if a buyer is looking for a solution we will also be looking for referrals. We will also be looking for proven performances, will be not so focused on different kinds of features as will be focused on ease of use or reliability issues.

So, quality reliability ease of use, availability of service, availability of responsive service will become very important at this stage in the sales process. And therefore, you can also see that what we were talking about as partnering with the customer. The customer becoming your co salesperson is something that actually starts with the early stage the innovators and early adopters. If you have really walked with those customers on their path towards a better solution, they will become the referral points, they will become the people who will support your case, so that you can win during, the early majority stage where referrals become very very important.

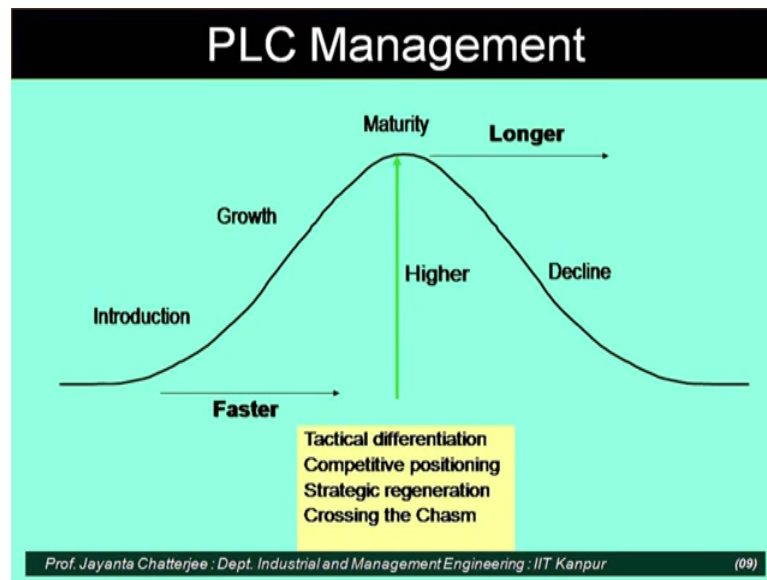
So, you can see that what will be your communication emphasis, what will be your sales presentation emphasis will be somewhat guided by the product lifecycle stage of your product as well as your buyers position. So, if you are selling a new product to an innovator or early adopter, your style will be oriented towards fact based communication, feature based communication. Whereas, if you are selling, the same product at a later stage to the early majority type of buyer, your focus should be on reliability and quality, on assurance, on responsiveness, on your operational efficiency, your operational excellence, these will become therefore more important than the bits and bytes or kilograms and such quantitative issues.

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So, as you can see here the sales climbs across the PLC and declines across the PLC. The profitability or accumulated profit also in the initial stage, you are actually in a stage of loss, because you are still recovering the developmental costs of your goods and services, so which means a real positive accumulation of profit only happens, when you are able to be in the reach the growth stage and maturity stage. Which means that, your style flexibility in communication, the kind of communication that is important that product feature oriented, product advantage oriented communication, the bits and bytes oriented communication, speed oriented communication, weight oriented communication, which are very important at the introduction stage will not be that important and your communication package will have to move towards the assurance and so on. Because you have to reach the growth stage that is the only way your business will actually over a long run create profit. And therefore, you will have to manage this communication flow.

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In some way, we can see that on the x-axis as you see on the graph as the PLC progresses our aim is to move faster that means, move faster from the introduction stage to the growth stage. As a result your communication should not be so biased that tomorrow you cannot flex it for the kind of buyers who will come at the growth stage. So, if your communication package is too focused on features and advantages, and product characteristics and is not bringing out the assurance reliability performance issues, service issues, if those are not part of your communication package in the initial stage, you should have the possibility of inserting those as you go along. Because service becomes more and more important rather than technical features, assurance or reliability become more and more important. And therefore, you have to see how you can move towards that easily and speedily.

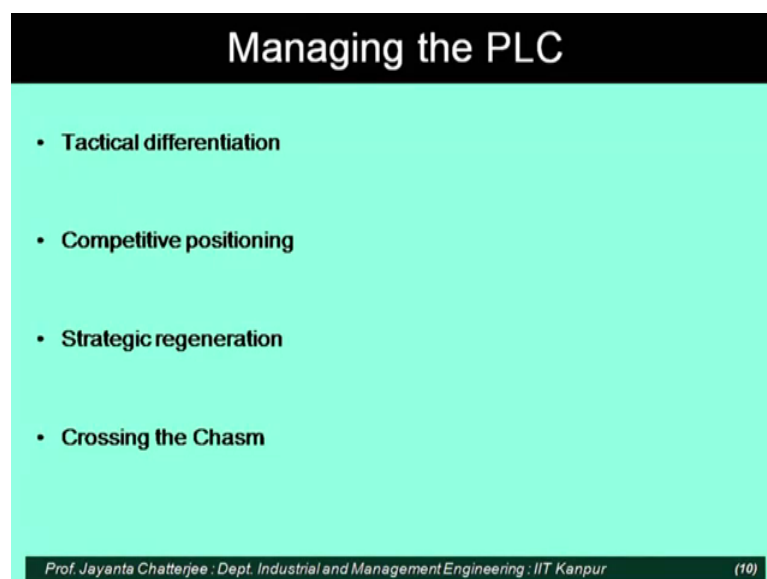
In the same way in another way you need to push, the graph upwards, the y-axis upwards that means your product as goods and services must last longer. And therefore, the communication which makes sense at the early stage will not be that important the late stage and the maturity stage. But you should have that understanding, and those blocks of communication will have to be inserted and you should create that possibility right from the first stage of your sales communication. So, lasting longer is an important objective.

Moving faster towards growth is an important objective. And your sales for better profitability must actually be flexible to take these various positions as you go along the lifecycle. So, in the maturity stage, competitive positioning is less important as opposed to strategic regeneration that means, creating new market possibilities.

Whereas, in the early stage the tactical differentiation the product feature based differentiation becomes very important. So, relating to Michael porters concepts of generic strategies, which are the differentiation low cost and focus. You impose late on this PLC and you can see that in the early stage your sales communication will have to be differentiation of oriented. Whereas, as you go along it will have to be more focused on cost of acquisition, direct cost of acquisition, which is price as well as indirect cost of acquisition by way of reliability in operation uptime of the machine or the equipment and so on.

Whereas, at the late stage you will have to create different strokes for different folks, the same product more customized for different types of buyers, which we call strategic regeneration or sometimes, we call it that this first part of the PLC which looks like an s, which is an s-curve. And we want to create further growth paths on the s-curve. So, we often say that your sales process might be able to create in hand in hand with your product development people e-curves from the s-curve that means, new segments of customers harvesting different kinds of possibilities within the product.

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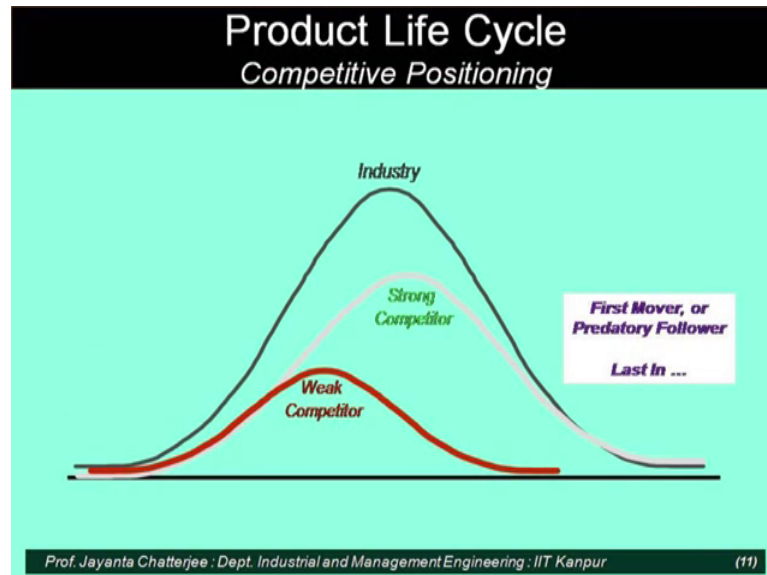
Managing the PLC

- **Tactical differentiation**
- **Competitive positioning**
- **Strategic regeneration**
- **Crossing the Chasm**

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So, these are the steps in managing the PLC as you see on the that means managing your sales communication package depending on the PLC situation.

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And also it will depend on your competitive situation. So, if you have a weak competitive situation that means you are in a very novel product and new competitors have not yet emerged, then you have the ability to move faster. And therefore, you may be able to address different levels of customers at the same time, but that will be different if you have very strong competitor. So, whether you want to be a first mover or you want to be a predatory follower that means you want to enter a market a little late stage and take the advantage of the market creation expenses of the pioneer. And then come up with a better product, which is more efficient which is more quality and reliability oriented, then your that predatory follower strategy will have a different kind of sales process.

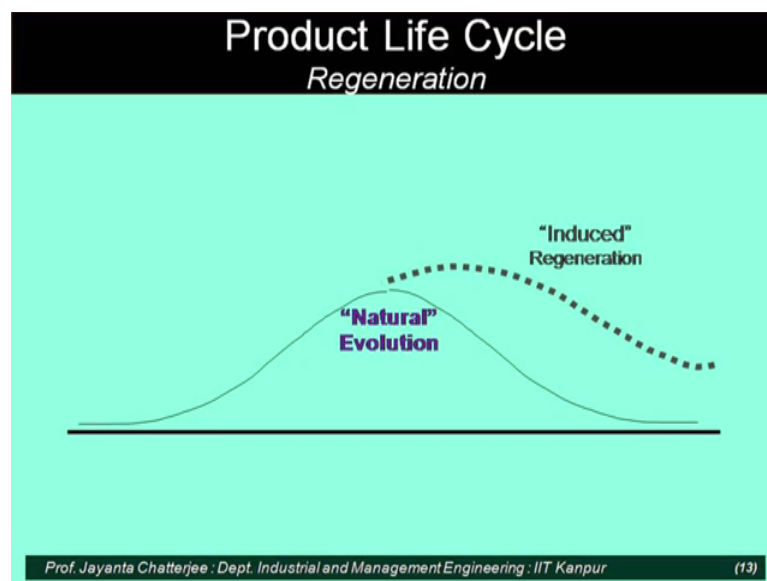
To understand for example, that the automobile market worldwide was created by mostly US manufacturers. The Japanese manufacturers came into this market much later only in the worldwide they came into the market maybe late 70s, 80s, but they positioned their communication so efficiently that instead of focusing too much the American manufacturers really did not have that communication style flexibility so they were still talking about the horsepower, they were still talking about the speed, they were still

talking about the capacity of seating and such features. So, they were still doing the feature based selling.

But then came the Japanese automobile manufacturers and they in their selling focused on reliability, on quality, on assurances, on getting the car up and running in case of any problem as quickly as possible. They talked about sort of a fit and forget type of approach that means they talked about trouble free, hassle free operational efficiency. See you can see therefore the two sales approaches and emphasis how it change.

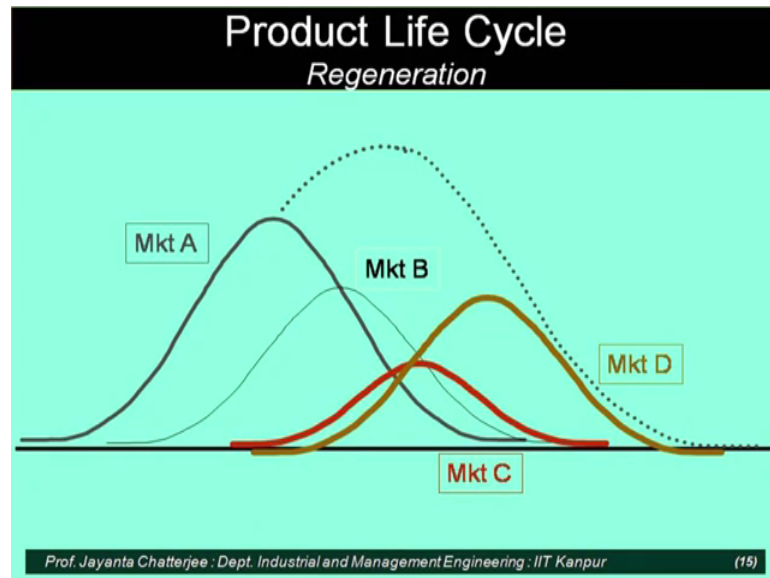
And the market that was created by the automobile manufacturers from USA were quickly taken away by the Japanese manufacturers, because they understood the nature of the customer maturing over that product life cycle graph. And what was more important to the late stage buyer in the market. And therefore, they got the bulk of the early majority and late majority of the world global automobile market. And made many of the US automobile manufacturers bankrupt and that dominance they continued.

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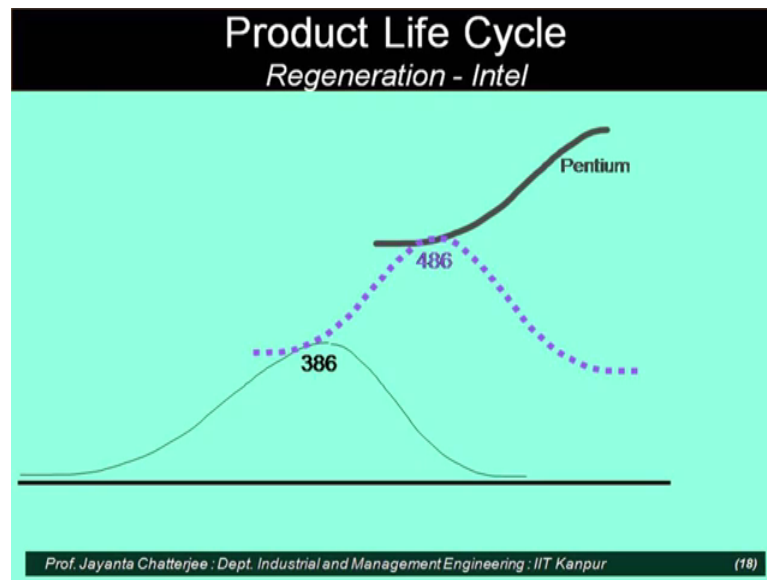
And you can see in their communication style how they have actually managed this natural evolution. You can also see the regeneration that means creating different models for different smaller segments of customers widely practiced by the Japanese manufacturers. The company like Maruti Suzuki in India, you will see that with the same product they may have a wagon shape that same platform can be represented as a wagon as a small, two box car or it can also become a sedan with three box car.

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And these are examples of what we call converting the S-curve into an E-curve by serving by variants by serving market A, market B, market C, market D. And while market A can be in one kind of life cycle the market D may be in a different kind of life cycle. So, they may work they may have more and more models coming today in the utility sports, utility vehicle or multi utility vehicle range and may stay with the 800 cc or 1000 cc small cars, because those may have a much longer product life cycle and some of the newer ones may have a smaller life cycle. And therefore, more faster life cycle where they have to capture faster mark the market share. So, the sales, messages, the sales communication package, the promotional package will have to change accordingly.

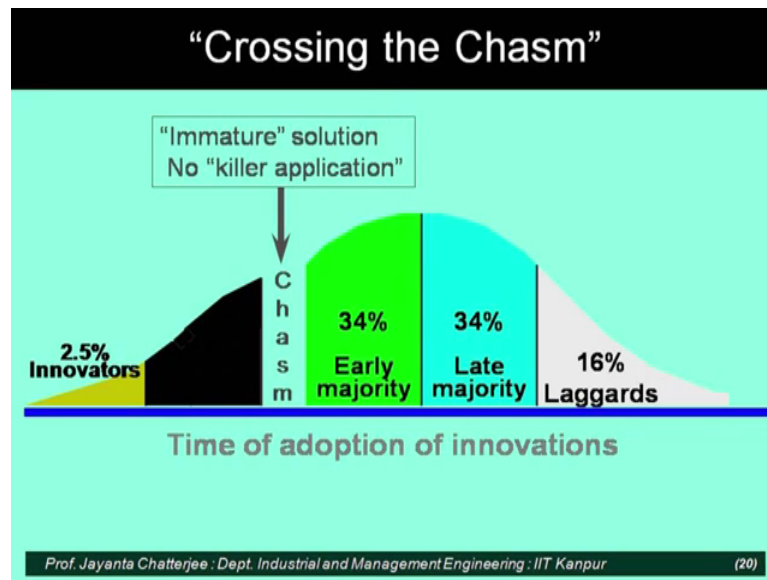
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This regeneration or s-curve to e-curve is another great example is Intel as you see a 386, the microprocessor chips, which initially Intel introduced and was highly successful and rapidly proliferated. So, in a way that market matured very quickly. And before other people came up with alternative products attacking the 386, Intel themselves make their 386 product obsolete, and came up with 486. This is we call sometimes cannibalization. But this is a deliberate strategic cannibalization based on the principle that it is better that you obsolete, your product rather than your competitors obsolete, your product.

And here again you can see that the sales communication, which is our topic today and how interestingly Intel managed their sales communication by saying that if you have Intel inside the product that you are buying will always be current will always be as per the latest technology standard. So, in a way they have created a very perennial message by their sales communication positioning and it goes hand in hand with their PLC strategy of killing their own product and at the mature stage creating another growth cycle with new package of features and capabilities. So, 386 to 486 to the Pentium, they have been able to very nicely manage this lifecycle transition. And the sales communication package which is adaptable and flexible, and remains valid across this process.

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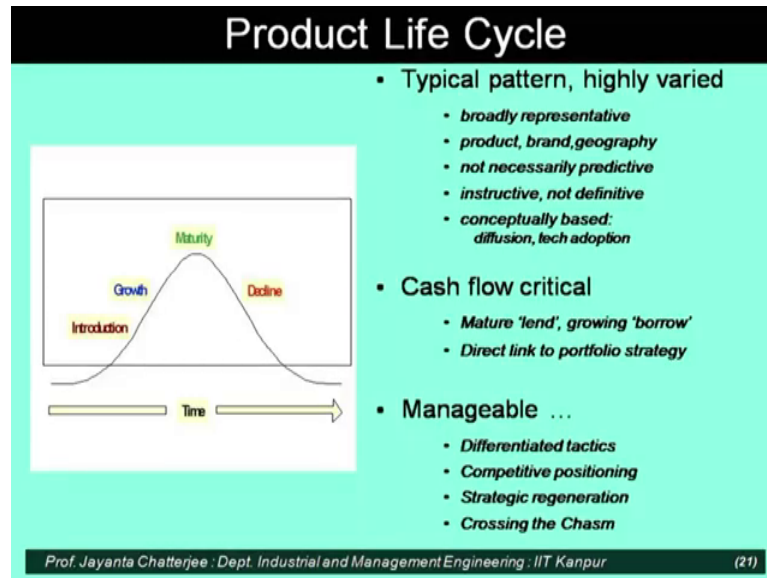
So, we are coming to the finer points is that in this PLC it is not a continuous graph, there is something which is known as the chasm that develops between the stage of early adopters and early majority that means, some products, which may have been very successful in the introduction stage may fail, because the product not paying attention of the sales people, not paying attention to the transition in the buyers profile. That the early majority people are looking for references they are looking for assurances, they are looking for reliability. They are not looking so much for product features or you know feature based advantages.

So, this chasm that develops where many products fall through if you are interested to learn more, you should study Jeffrey Moore's presentations on the web. And you can search for through any of the search engines this concept of chasm or chasm marketing and or you can just Google with Jeffrey Moore. And it will tell you that why and how you can manage your communication such that what you are emphasizing in your today's sales approach can be easily enhanced by bringing in issues, which are more important to the early majority people.

Jeffrey Moore has talked about that you have to have your whole solution thought out, and to understand that how your product should evolve and therefore, how your selling strategy should evolve. I am not spending too much time on this today, the point that I am trying to emphasize again is that you are selling strategy has to change according to

the product lifecycle technology lifecycle because your nature of buyer will change. And therefore, you have to have that flexibility otherwise you may fall through the chasm. Your flexibility means that you should be able to adapt your communication of today with respect to the nature of the buyer tomorrow and it should not be not in conflict it should appear as a natural evolution.

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So, the key point therefore, is that we can derive from the first week is that sales field sales is person-to-person interaction oriented. Communication is very important. Communication style needs to be adaptable and flexible. The adaptability and flexibility in your sales communication, your sales process will come from your understanding of your buyer, empathy with the buyer's behavior pattern and understanding the nature of your product with respect to the product lifecycle. And therefore, the evolution and the nature of the buyer and therefore, you have to have a flexible, adaptable and evolving sales strategy as you go forward.

Thank you.