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PLC Approach in Fast Moving Consumer Goods: A Case Study from India

Dr. Juhi Yadav

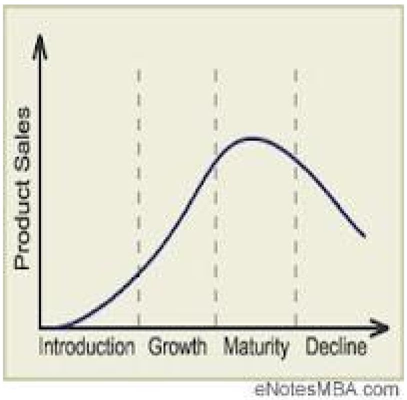
Abstract: *Fast-Moving Consumer Goods (FMCG), or Consumer Packaged Goods (CPG), are products sold quickly and at a relatively low cost. The FMCG industry is characterized by high-volume sales, quick inventory turnover, and various products catering to consumer needs. Fast moving consumer goods (FMCGs) is possibly the toughest and most disciplined of all industries. The survival, market share and profitability of a FMGC organization rely on number of factors including innovative thoughts, focused consumer, competitor analysis and deep marketing knowledge. These factors are necessary considerations throughout the Product Life Cycle (PLC).*

Keywords: Product life cycle, FMGC, Market Share, Strategic planning

I. INTRODUCTION

Product Life Cycle is associated with variation in the marketing situation, level of competition, product demand, consumer understanding, etc., thus marketing managers have to change the marketing strategy and the marketing mix accordingly. Product Life Cycle can be defined as *"the change in sales volume of a specific product offered by an organization, over the expected life of the product."*

Marketing Management Notes, Marketing Mix, MBA Notes, Product Life Cycle



II. STAGES OF THE PRODUCT LIFE CYCLE

The four major stages of the product life cycle are as follows:

- Introduction,
- Growth,
- Maturity, and
- Decline.

Introduction Stage

At this stage, the product is new to the market and few potential customers are aware of the existence of the product. The price is generally high. The sales of the product are low or may be restricted to early adopters. Profits are often low or losses are being made, this is because of the high advertising cost and repayment of developmental cost. At the introductory stage:-

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- The product is unknown,
- The price is generally high,
- The placement is selective, and
- The promotion is informative and personalized.

Growth Stage

At this stage, the product is becoming more widely known and accepted in the market. Marketing is done to strengthen the brand and develop an image for the product. Prices may start to fall as competitors enter the market. With the increase in sales, profit may start to be earned, but advertising cost remains high. At the growth stage:

- The product is more widely known and consumed,
- The sales volume increases,
- The price began to decline with the entry of new players,
- The placement becomes more widely spread, and
- The promotion is focused on brand development and product image formation**.**

Maturity Stage

At this stage, the product is competing with alternatives. Sales and profits are at their peak. Product range may be extended, by adding both withe and depth. With the increases in competition, the price reaches its lowest point. Advertising is done to reinforce the product image in the consumer's minds to increase repeat purchases. At maturity stage:-

- The product is competing with alternatives,
- The sales are at their peak,
- The prices reach to its lowest point,
- The placement is intense, and
- The promotion is focused on repeat purchasing**.**

Decline Stage

At this stage, sales start to fall fast as a result product range is reduced. The product faces reduced competition as many players have left the market and it is expected that no new competitor will enter the market. Advertising cost is also reduced. Concentration is on remaining market niches as some price stability is expected there. Each product sold could be profitable as developmental costs have been paid at an earlier stage. With the reduction in sales volume, overall profit will also reduce. At decline stage:

- The product faces reduced competition,
- The sales volume reduces,
- The price is likely to fall,
- The placement is selective, and
- The promotion is focused on reminding**.**

Literature review shows that PLC plays an important role in introducing new FMCGs products. Hence, this case study aims on a local FMCG brand and its approach towards utilizing PLC while launching new products.

Research Objectives

The literature review leads to the following research objectives for the present study:

- To find the role of PLC phases in the product success of FMGCs.
- To find how the PLC approach helps FMGC organizations in market share.

III. METHODOLOGY AND APPROACH

This study was carried out in a local pioneering fast moving consumer goods organization in India mainly dealing in beauty care products. two main products studies 1.sunscreen cream and body lotion. The organization's product life cycle approach related to these two products was studied in detail during the research. The data were collected from team involved in developing and marketing these two products through interviews. Data at the consumers end was gathered from 50 users (+female) through specially designed questionnaire.

IV. RESULTS AND DISCUSSION

In the case of extra sunscreen cream, it was revealed from the study that the introduction phase of PLC was not considered properly as suggested by the literature. The introduction phase includes consideration of the 4Ps (product, price, distribution, promotion). The first P i.e. product was not considered properly as a gap was observed between consumer requirements for the specific product and the characteristics of the actual product. The product contained a high fat level to provide extra energy but it was subsequently revealed that this produced unpleasant effects on consumer health. The product characteristics were considered to be one of the major flaws in the PLC of product under study. It was further observed that "promotion" was also poorly designed in the introduction phase. Literature suggested that the promotion time should be high for products which are introduced first time in the market. A high promotion time is required to make aware the consumers about the product specifications and to create a high demand for the product. The organization did not pay much attention for the promotion of the product, possibly due to the organization's country-wide reputable brand name. It is noted that distribution was the only strong market mix strategy in the introduction phase owing to organization's strong outreach throughout the country. It was observed that due to improper design of the introduction phase of PLC, the specific product did not experience the growth and maturity phases and directly fell into the decline phase.

In the case of sunscreen cream whitener, the study revealed that this product also suffered a badly designed introduction phase of PLC. The pricing strategy of the marketing mix was not designed according to the market trends. Initially the organization earned high revenues through setting a skimming strategy of pricing possibly due to the brand name of the organization. With the passage of time competitors introduced similar products using a market penetration strategy of pricing. The low cost equally competitive product of international FMGC brand resulted in a rapid decline of sales of the product under study. It was further observed that in order to create differentiation for liquid tea whiteners in the market, more awareness to the consumers was required. More focus on the designing of promotion was required in the introduction phase. The organization overlooked this marketing mix strategy in the introduction phase because of the good reputation of the organization. On the other hand, competitor's focused on "promotion" to create differentiation for their products in the market and therefore the product under study failed to attract consumers. The above cited issues caused the product failure in the introduction phase of PLC. Neither the extra sunscreen cream nor the cream whitener experienced the growth or maturity phases. Cosmetics are restrained by multiple regulations and markets and therefore have a complex product lifecycle and creation process.

V. CONCLUSION

Following conclusions were drawn from the present study:

- A product's success depend on proper managi of the PLC phases.
- PLC provides as competitive advantages to compete in the market.
- PLC is provides he successful acceptance of a product by the consumers.
- Focus on the "7ps" of every phase of PLC is essential to make a competitive product

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