Birth Death and Beyond – Understanding Product Life Cycles

By Inez Blackburn

Blown Away by a Tsunami of Choice

Consumers today are overwhelmed by choice. North American consumers have by far the most choice because they have the most money and the most marketing personnel trying to gain share of mind and share of wallet. But how much is too much? There is a tipping point in new product launches; at some point, consumers simply ignore the inclusion of more product options especially when they are very similar.

As thousands of new products hit the shelves each year, consumers are finding it increasingly difficult to navigate through the tsunami of choice. I have spent countless hours in stores watching how people reacted to and interacted with the proliferation of choice. Did you know that consumers make choices faster when faces with smaller assortments? Is Costco on to something by limiting choice to make it easier for consumers and less confusing?

A Lesson in Line Extensions

In his book The Paradox of Choice: Why More Is Less, Barry Schwartz confirmed that while consumers expressed greater interest in shopping with a larger of assortment of twenty-four different flavored jams, they were more likely to make a selection with a smaller assortment of six choices. In today's busy, time-challenged society, why do retailers continue to create a situation that requires consumers to spend more time to make choices? Do we really need five products that are mere substitutes of each other escalating the focus on price.

Even consumers with well-defined needs and preferences may not benefit from more choice if they are overwhelmed and confused. Neuroscience has taught us that we understand our environment by easily identifying similarities and differences. Increased assortments at shelf that cause confusion, anger or frustration, increase the possibility of buyer's remorse or post-purchase regret. When consumers are faced with a confluence of choice, they often feel increased pressure to choose correctly. There is also a risk that exposing consumers to a continued barrage of product changes and introductions increases the possibility that they will reconsider their choices and shopping habits and avoid the aisle completely. Maybe this is why shopping on line is gaining traction as the shopper controls their choice.

The Kit Kat Chronicles

Nestlé found out the hazards of line extensions in the school of hard knocks when they decided to launch a complete suite of new flavors for their Kit Kat brand, one of the best selling candy bars since they were invented in the early 1930s. In 2004 in pursuit of increased sales and shelf presence the company launched a vast array of new flavors, including strawberries and cream, passion fruit and mango, red berry, tiramisu, and low-carbohydrate varieties. Unfortunately for Nestlé, the new flavors were a total disaster and did not strike a chord with their target consumer: The new flavors were too sweet and unusual for the average palate, and even worse, consumers could not easily find their beloved classic Kit Kat bars among the new varieties. Sales of the Kit Kat brand declined by almost 20 percent, and all of the new flavors were effectively discontinued, with a renewed focus on the traditional Kit Kat Bar which was really what the consumer wanted the most.

Understanding what consumers want to buy is just as important as understanding what you want to sell. Line and brand extensions will not work if products do not meet consumer expectations. Kit Kat consumers have been in love with the original flavor since 1930, but that does not mean that endearment to the original flavor can be directly translated into new flavors and offerings. A consumer's loyalty to your current product doesn't mean that they will embrace new flavors and varieties with the same name. Lesson Learned – Line and flavor extensions only work if the consumer wants them and just because the flavors resonate with your target consumer doesn't mean they want to find them in a Kit Kat Chocolate Bar.

Creating renewed interest in your brand by targeting loyal consumers will only result in profitable growth if you consider their inherent preferences and offer a solution that meets their taste preferences and their needs. Also be cautious with traditional focus groups, as a consumer's preference for a product in a focus group will not necessarily translate to a sale at the shelf. Why consumers like and embrace the Kit Kat brand and are loyal to Kit Kat doesn't mean that they will embrace future enhancements and modifications. If loyalty is about consistently delivering against expectations, the strongest relationships are fueled by trust and a belief in the value proposition that you offer is consistent with prior experiences and expectations.

Understanding what motivates consumer to buy provides tremendous insight into understanding product life cycles and the survival of the most relevant. The focus on Neuroscience and shopper Marketing confirms that a significant portion of a consumer's decision tree occurs at the subconscious level. How then can we ask consumers to confirm what they don't know? Do we really know what the key motivators in the path to purchase really are?

Product Life Cycle Management by definition is the development and deployment of strategies designed to maximize a products potential. It is essentially the science of effectively predicting a product's life cycle. When product life cycles were first defined there was an inherent belief that products had a prescribed life cycle predicated on product features benefits and the target consumer. Products essentially go through defined "life stages" similar to a human being. The concept gained acceptance and momentum during the Industrial Revolution in an era where innovation had longevity and both consumers and competitors where predictable. I am confident that we all agree on the fact that this is no longer the case. There was a strong focus on costs with a measurable ROI as the stages progressed. Products were developed and deployed with a view on realized efficiencies with predictable life cycles. Product Life Cycle Management traces to an era where time was your friend and competitors were kept at bay for at least a few months. Unfortunately, those days are gone as competition is immediate and consumers are unpredictable.

Birth, Death and Beyond - Understanding Product Lifecycles

Products now compete on a Global scale with technology becoming obsolete before you have a chance to register the warranty. Social Media has moved to center stage holding us all accountable for quality and performance. How many of you will wait for the next version of anything in anticipation of a better product more aligned with your needs. There will always be the early adopters and hopelessly unfashionable but who really determines a product's life cycle? There has been a growing consumer backlash against planned obsolesce and relentless pursuit of profits at the expense of quality. Loyalty today is dictated by relevance and your most recent consumer experience.

Do we really believe that products behave like human beings and do humans really become more cost efficient as they age? Do products really have similar life stages or do they have access to a fountain of youth and immortality? Why do some products survive for centuries while other last 6 months? From birth to death human beings pass through key stages; birth, growth, maturity, decline and death and we have been conditioned to view product life cycles the same way.

1. What makes a product relevant in the eyes of a consumer and what makes a product obsolete?
2. Are products really alive with a definite expiration date and do they really go through stages of development and growth and an ultimate demise similar to a human being?
3. Does fashion really have the same life span as a screw driver? Have you ever struggled with a product in its infancy, teen years and then helped a product through a midlife crisis?
4. Are line extensions really offspring and is product repositioning a mid life crisis or a promotion?

While there is inherent finality to living organisms, products die because the companies who own them give up on them or because they no longer solve consumers' problems and subsequently become irrelevant.

The emerging theory of Birth Death and Beyond is a philosophy that goes where no one else has dared go to the heart of the relationship between a consumer and a product. The moment a product stops solving your consumer's problem it dies and he doesn't matter how long it has been in existence or who owns it. Competitions should be defined by who solves your customer problems best. Unfortunately in the age of "Generation Text" experiences good or bad will emerge via the internet on a world stage. If you learn to co-create with your consumers and trading partners and hardwire consumer insights to current product strategies you will be prepared for the revolution.

You will discover how to:

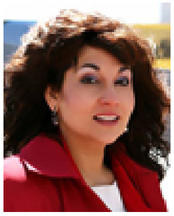
- Measure share of heart instead of share of wallet in increasing product life spans
- Stop guessing about what your customers want and whether your products are delivering
- Remain flexible in the face of changing consumer demands and volatility in forecasting
- Understand the role and importance of a responsive supply chain
- Understand the implications of product life cycles on merchandising allocations and assortment planning and best practices

To avoid the trap of consumer inertia, you must dedicate yourself to consistently communicating the value your products offer. You must leverage current and emerging modes of communication to create awareness for your brands and services. Rather than focusing your message on a key product attribute, focus on the problem you are solving and the solution you are offering. Understand whether you are connecting at an emotional level.

There are essentially three opportunities to communicate your solutions mix to your consumers: before they buy, while they are buying, and after they buy. The challenge lies is in meeting consumer expectations at every point of contact. You can do a stellar job of creating awareness by correctly identifying a consumer need or desire then positioning your product in a solution context, but if the store or online experience falls below expectations, the post-purchase response will not be pretty. Effectively communicating your category solution mix can be achieved by including the entire buying experience in your strategy.

Products who make it to retirement and possible reincarnation are masters at staying relevant and connecting with consumers at an emotional level. Consumer Life Cycle Management will soon displace Product Life Cycle Management – Stay engaged stay relevant deliver on your promises – Are you ready?

About the Author



Inez Blackburn is a globally recognized speaker and industry leader, innovator and pioneer in launching global brands with over 25 years' experience. She has worked with many Fortune 500 companies and led numerous executives through her Positioned for Profit Seminars and Marketing to the Max Workshops. She has been on the Dean's list for excellence in teaching for 10 years and is a featured trainer at numerous executive events. Her first book Pride Passion Profit – 7 Steps to Category Development has sold over 5,000 copies and is well positioned to help companies take their category plans to the next level.

Inez Blackburn is currently the Director of Research at The Institute for Retail Innovation and Education (The Central Group) and an Adjunct professor at the University of Toronto, Wright State University, and S.P. Jain University in Singapore and Dubai. Inez conducts both quantitative and qualitative research in a State of the Art Research facility and ROI Lab leveraging best in class technologies and research protocols.

Prior to becoming addicted to research and an Adjunct Professor, Inez held numerous executive positions for numerous CPG Companies for National Brands and Private Label. She was the Vice President of Marketing for Cott Corporation where she was responsible for developing and launching Private Label Brands for major retailers in Canada, the United States and Europe. Inez also held progressive positions at Nabisco, Robin Hood Multifoods, Red Lobster Canada and for those of you who remember Consumers Distributing.

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