Product life cycle; a kenyan case

Business

Bank such as Equity, enumerating specific strategies applicable at each stage of the product life cycle. The product life cycle Is the course of a products aggregate revenue over a period of time. It may apply to a brand or generic category of a product, and can have a direct bearing on a company's survival. The flee stages of a product's life cycle are: product development; (I) product introduction; (it) growth; maturity; and (v) decline.

During product development, Equity Bank (De) underwent incubation of its marketing strategy to argent the (large) lower-earning consumer market. During this stage, the bank carried out research and preparation to Identify gaps and needs before Introducing the lower-end banking product to the market. Introduction Stage The introduction stage is characterized by low sales (achieved through early adopters resulting in high costs per customer and negative profit. The strategies that the bank would incorporate at this stage include: 1 .

A big marketing campaign with the aim of synthesizing Kenya that they can now afford to bank regardless of their Income bracket.

The campaign would ride on: a. Not charging monthly ledger fees like other banks are; b. Being available and accessible in major towns. C. Being open to customers for more hours than the usual 6 hours by most banks. 2.

Offering an undifferentiated and basic product that would not cost much to introduce: the low-income banking product is to offer basic and fundamental services at this point, therefore reducing running costs. . Low Introductory pricing of the low-income banking service, therefore appealing to a wider group. 4. Distribution: branches of the bank are few and strategically positioned in major towns where high sales were projected during product development. This is to minimize costs at the early stage.

Growth Stage As a result of rising awareness and experiencing significant growth In sales, the bank experiences rapid revenue growth. Due to this success, more customers ask for the low-income banking product in various areas of the country.

During this stage there is lower cost per customer. More institutions are willing to partner in this venture as a result. At this point, the bank aims to maximize market share, and may carry out the following: 1 .

Introduction of new product features such as mobile phone banking and online banking – this helps Improve the banking quality and customer banking experience. Products that target high-end clients may also be Introduced. 2. Introduce (minimal) pricing due to the high demand level. A higher-cost pricing may also be introduced for premium executive banking services.

. Intensify marketing / promotion, and takes advantage of the rising demand. The marketing campaign souses on building preference for its services. 4. Expand distribution / coverage: improve availability and accessibility of the bank services by Increasing the number branches countrywide.

Maturity Stage This is the most profitable stage of the product. Sales continue to increase, but at a slower pace. Rising competition as a result of other (almost similar) products in the market may result in reduced market share or lowered price for service by the bank.

The main aim of the bank is to maintain market share, and may carry out the following: 1. Pricing: reduces pricing (which was increased at growth stage) due to the rising competition. The bank should however avoid being drawn into price wars with competitors.

2. Distribution: New and innovative distribution channels introduced, such as Equity Banking Agents; these services offer incentives to the distributors / agent, to encourage wide adoption resulting in even deeper penetration and availability in urban and rural areas. 3.

Innovation on existing products, so as to differentiate the banks unique products from other banks. This includes creating new ways of mobile banking such as enabling customers to take a loan via the bank or save money to their bank account through the phone.

4. Promotion shifts towards brand loyalty, and identifying the bank as a preferred choice of targeted segments of the market. The bank therefore launches campaigns such as “ Mimi in member”. Decline Stage Market saturation leads to a decline in sales; this may render their (low-income banking) product obsolete.

During this stage, the bank may consider the following: Maximize on harvesting from their existing market and reduce promotion support ND cost while coasting until it exhausts its profit.

Discontinue their low-income banking product when the profit is exhausted, or introduce a successor product. Maintain the product, with optimism that competitors will exit. The bank may implement the following strategies during this stage: 1. Pricing: maintain pricing for continued products that serve a niche market, such as premier or executive banking, whereas maintaining or lowering the price for lonesome banking service. 2.

Distribution: more strategic and selective distribution. The bank ay close down some of its lower revenue earning branches and encourage / incentives agency banking in those areas, led by resellers / distributors. The bank 3. Promotion costs are reduced, and only continued to reinforce the brand image. Promotion of Corporate Social Responsibility initiatives such as offering school children scholarships can be made widely visible at this stage. 4.

Products offered by the bank may be reduced in order to focus on high-performing products. The bank may also revamp / rejuvenate some of its products, to maintain their significance in the market.