The product life cycle is an extremely important concept in marketing. It describes the stages a product passes through from when it was first thought of, till it is finally removed from the market. Not all products reach these defined stages. In fact, some products continue to grow while other products rise and fall.

The main stages of the product life cycle, when compared with human life cycle, stated above, give following result –

1. Introduction [birth] – researching, developing and then launching the product

2. Growth [adolescence] – when sales are increasing at their fastest rate

3. Maturity [youth] – sales are near their highest, but the rate of growth is slowing down, e.g., new competitors in market or saturation

4. Decline [death] – final stage of the cycle, when sales begin to fall

This can be illustrated by looking at the sales during the time period of the product.

Strategies followed During Various Stages of Product Life Cycle are:

1. Strategies during Product Development Stage:

a. Focus is on product

b. Emphasis is on cost reduction

c. Trials are the main tools

d. Exploring of the market starts

e. Publicity of the product (about its coming)

f. Minimum expenses to be maintained during this period

g. Production capacity must be looked after

h. Quality must be checked

i. Focus on work is to be given

j. A good introducer of the product is required

k. In-house working should be emphasised.

2. Strategies during Introduction Stage:

i. Persuade people to try the products.

ii. Stress should be on advertising to inform the customer about the product

iii. Give introductory offers by providing some attractive gifts to entice the customers.

iv. Give a valid reason to the customers to buy the product

v. Dealers should be given good discounts

vi. There should be selective distribution to focus on target customers

vii. Skimming pricing should be followed to earn higher profits in the initial stages

viii. Removing the product deficiencies must be focused on

3. Strategies during Growth Stage:

a. Aggressive advertising is required to stimulate the sales of the product

b. Availability of the product should be ensured to a large number of customers

c. Modifications or new versions of the product are required to be introduced to fulfill the requirement of different customer classes. Strengthening of the distribution channels are required so that the product is easily available wherever required.

d. Focus should be on developing the brand image through promotional activities

e. Competitive prices must be maintained to grab the market.

f. Activities should be customer oriented, an emphasis should be given on customer services to satisfy them to a maximum level.

4. Strategies during Maturity Stage:

i. More and more emphasis is required on the brand image in order to differentiate the product from products of the competitors.

ii. More benefits may be provided to the customers e.g. extending the warranty period, guarantee period etc.

iii. Change in packaging may be introduced (Reusable packaging).

iv. Packaging may be used as a silent salesman by making it more attractive.

v. Requirement to explore the new markets for the product.

vi. New uses of the product may be developed.

vii. New users of the product may be developed.

viii. New Technology can be adopted to enhance the quality of the product.

ix. New features can be added to enhance the value of the product.

5. Strategies during Decline Stage:

i. More emphasis on the promotional schemes

ii. Distribution cost should be reduced and the benefit should be transferred to the customers

iii. More value addition to the product can be done.

iv. Packaging will play a very important role at this stage also, so it should be focused on.

v. Cost of production should also be reduced.

vi. Economy packs of the products should be introduced.

vii. Try to increase the life of the stage

viii. Emphasis is on sales volume with minimum profit margins.

If after all these efforts company fails to restore its position in the market, than the best thing for the company is to take out their existing product from the market and come up with a new product comprising of unique features that can hit the market.

What Are Channels of Distribution?

A channel of distribution—also referred to as a distribution channel—is the method a company uses to get a product or service into the hands of a consumer as quickly and efficiently as possible. Distribution channels can include wholesalers, brick-and-mortar retailers, and online marketplaces, but they *always* include manufacturers and consumers.

What Are the Different Types of Distribution Channels?

There are a variety of different types of distribution channels comprised of a combination of intermediaries. The specific network of manufacturers, wholesalers, retailers, and end consumers depends on the type of distribution channel used.

Here are the three main types of distribution channels:

- **Intensive Distribution**: This channel type targets a vast number of outlets to saturate as much of the market as possible (e.g., the adult beverage industry).
- **Selective Distribution**: This channel selectively targets outlets in specific locations. It also excludes wholesalers and goes directly to a retailer (e.g., car dealerships purchase inventory from the manufacturer to then sell directly to end consumers).
- **Exclusive Distribution**: This direct-to-consumer channel has very limited outlets and skips both the wholesaler and retailer. It's the only channel that has a direct connection between manufacturer and end consumer (e.g., Apple).

The first two channel types are considered indirect channels; while exclusive distribution is a direct channel, which allows the manufacturer or service provider to deal directly with the customer.

Additionally, distribution channels can be either long or short. Longer channels can impact profitability for each intermediary in a channel. Generally, the more intermediaries involved, the higher the cost of the product or service.

How Do You Choose the Right Channel?

Choosing the right channel is a critical step in ensuring the success of a product in the market. According to Umar Farooq, founder of MarketingTutor, "creating a secure and high-functioning supply chain is one of the most crucial factors for any brand looking to succeed, and thus selecting the right distribution strategy is of immense necessity."

5 Key factors to consider before you commit to a channel:

1. Type of product or service: *Does it require speed or a controlled environment?*
2. Target market: *Are you selling to businesses or end consumers? Are they more likely to go to a brick-and-mortar retailer or an online marketplace?*
3. Competition and industry standards: *What methods do competitors use? Is the go-to industry method the best one?*
4. Costs and benefits
5. Alignment with a company's mission and vision

Difference Between PERT and CPM

1. Project Evaluation and Review Technique (PERT) :

PERT is appropriate technique which is used for the projects where the time required or needed to complete different activities are not known. PERT is majorly applied for scheduling, organization and integration of different tasks within a project. It provides the blueprint of project and is efficient technique for project evaluation .

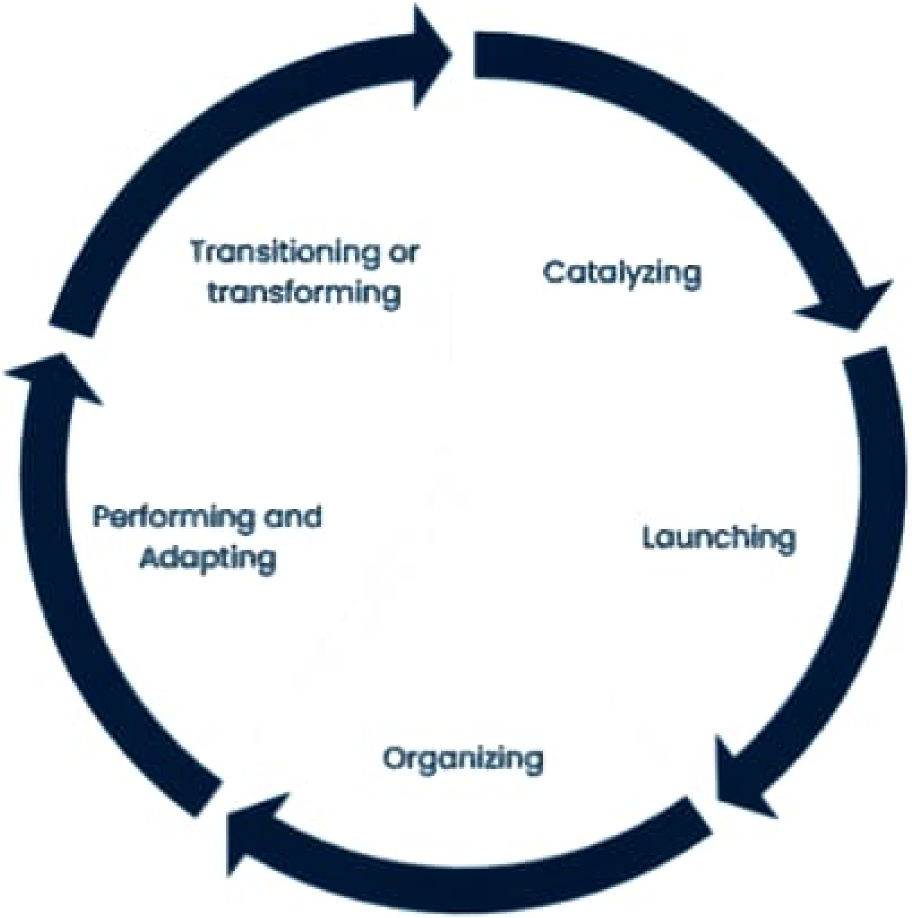
2. Critical Path Method (CPM) :

CPM is a technique which is used for the projects where the time needed for completion of project is already known. It is majorly used for determining the approximate time within which a project can be completed. Critical path is the largest path in project management which always provide minimum time taken for completion of project

Difference between PERT and CPM :

S.No.	PERT	CPM
1.	PERT is that technique of project management which is used to manage uncertain (i.e., time is not known) activities of any project.	CPM is that technique of project management which is used to manage only certain (i.e., time is known) activities of any project.
2.	It is event oriented technique which means that network is constructed on the basis of event.	It is activity oriented technique which means that network is constructed on the basis of activities.
3.	It is a probability model.	It is a deterministic model.
4.	It majorly focuses on time as meeting time target or estimation of percent completion is more important.	It majorly focuses on Time-cost trade off as minimizing cost is more important.
5.	It is appropriate for high precision time estimation.	It is appropriate for reasonable time estimation.
6.	It has Non-repetitive nature of job.	It has repetitive nature of job.
7.	There is no chance of crashing as there is no certainty of time.	There may be crashing because of certain time boundation.
8.	It doesn't use any dummy activities.	It uses dummy activities for representing sequence of activities.
9.	It is suitable for projects which required research and development.	It is suitable for construction projects.

Stages of network development



Catalyzing:
Capabilities and expectations to work together are explored by potential members of the network.

Launching:
Organizers identify the network's initial vision and purpose and develop an initial plan. Initial network membership is recruited, and connections are cultivated.

Organizing:
The network has secured resources and is piloting strategies and beginning to adapt these based on feedback.

Performing and Adapting:
The network is fully operational with key activities underway. Goals, strategies and membership often diversify as members seek and find different kinds of value from the network.

Transitioning or transforming:
The network is effective and sustainable, or the network has lost momentum. The network as originally conceived terminates or capacities are redeployed such that a new network can form.

SIGNIFICANCE OF CAPITAL BUDGETING

Capital budgeting decisions assume special significance for the following reasons:

1. **Substantial capital outlays** Capital budgeting decisions involve substantial capital outlays.
2. **Long-term implications** Capital budgeting proposals are of longer duration and hence have long-term implications. For instance, the cash flows for next 5 to 15 years have to be forecast.
3. **Strategic in nature** Capital budgeting decision can affect the future of the company significantly as it constitutes the strategic determinant for the success of a company. A right investment decision is the secret of the success of many business enterprises.
4. **Irreversible** Once the funds are committed to a particular project, we cannot take back the decision. If the decision is to be reversed, we may have to lose a significant portion of the funds already committed. It may involve loss of time and efforts. In other words, the capital budgeting decisions are irreversible or may not be easily reversible.

WHY IS CAPITAL BUDGETING NECESSARY

It is necessary to reduce costs or increase revenues to maximise profits. The company is said to be efficient in its operations when it can maximise profits. In other words, capital budgeting decisions are made to keep the business vibrant, competitive, profitable and thus efficient. Capital budgeting decisions can be classified into the following types:

- Projects that reduce costs
- Projects that increase revenues

Of these two, the capital budgeting decisions that reduce costs are relatively easier to be handled as full information about their present costs and revenues is available. What is to be decided here is: how to reduce the costs further before a capital budgeting proposal is selected.

Regarding the projects which increase the revenues, it may be difficult to select one from the given alternatives. It is so because the available data about the future cash flows has its own limitations, such as uncertainty in future, inaccurate estimate of life of the asset and so on.

Need and Importance for Capital Budgeting

- Capital budgeting is important because a sizable volume of money is at stake, affecting the company's profitability. Once a long-term investment is made, it cannot be undone without a significant capital loss. The investment gets sunk, and faults frequently cannot be fixed until the company's dissolution. For many years, it will affect the way business is conducted.
- An organisation's main choices that result in profit are investment decisions, typically evaluated using return on capital. To achieve a reasonable rate of return on investment, a balanced mix of capital investments is crucial, necessitating the importance of capital budgeting. To achieve a good rate of return on investment, a balanced mix of capital investments is vital, necessitating the importance of capital budgeting.
- The significance of capital budgeting decisions are exposed to more risk and uncertainty than short-run decisions; the repercussions of long-term investment decisions are broader than those of short-run choices due to the time element involved. Because capital expenditures demand a significant amount of money, capital budgeting is used to make decisions on long-term investments to determine whether the activity will be profitable for the company and will offer the necessary returns in the following years.