ASSESSING THE EFFECTS OF PRODUCT LIFE CYCLE RE-ENGINEERING AS A COMPETITIVE STRATEGY IN A BUSINESS ORGANISATION (A CASE STUDY OF PAN NIGERIA PLC)

BY

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BEING A PROJECT SUBMITTED TO THE POSTGRADUATE SCHOOL IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSNESS ADMINISTRATION (MBA) OF AHMADU BELLO UNIVERSITY, ZARIA.

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CERTIFICATION

This is to certify that this project titled “Assessing The Effects Of Product Life Cycle Re-Engineering As A Competitive Strategy In A Business Organization (A Case Study Of Pan Nigeria Plc)”, By ADEYEMI Folaranmi Abiodun meets the regulations governing the award of the degree of Master of Business Administration (MBA) of Ahmadu Bello University, Zaria and it is therefore approved for its contributions to knowledge, and literary presentation.

Mallam A. T. Sharubutu Chairman, Supervisory Committee	Signature	Date
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External Examiner	Signature	Date
Dean, Postgraduate School	Signature	Date

DECLARATION PAGE

I hereby declare that this research project has been conducted solely by me under the guidance of my supervisor Mal. A. T. Sharubutu of the Department of Business Administration, Ahmadu Bello University Zaria and I have neither copied someone's work nor has someone else done it for me.

ADEYEMI, FOLARANMI ABIODUN

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Student's Name Signature

Date.

DEDICATION

This project is dedicated to God Almighty, the giver of all good and perfect gifts.

I also wish to dedicate it to my loving family, my husband Mr. Esien B. Ukorebi and Children Bassey, Esien, Joshua, Emmanuella and Josephine.

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ABSTRACT

A company's marketing success can be affected considering its ability to understand and manage the life cycle of its products. Unlike the human life cycle however, one cannot predict the length of any of the phases of the product life cycle. The length of the life varies amongst products ranging from a few weeks to a short season to several decades.

In the study, the researcher undertook an extensive research into the application of product life cycle re-engineering theory in the Peugeot Automobile Nigeria Plc, Kaduna.

During the course of the project work, the author used both questionnaire and interview, relevant information on the subject matter from marketing consultants, management staff and PAN customer/users. Fifty – five (55) copies of questionnaires were administered in all but only fifty (50) were returned as fully treated which was used by the researcher as the sample size.

The author used non-probability sampling procedure so as to allow for only the right person to give the right information on the concept of product life cycle in the company. The data's collected were analysed, interpreted using percentage method, and tabulation for easy comprehension.

The following statements of hypothesis were tested:

HO: That sales decline has no relationship with product life cycle (PLC) Re-engineering.

HI: That sales decline has a relationship with product life cycle (PLC) Re-engineering.

The above hypothesis, after been tested using the chi – square (X^2) method of hypothesis testing were adopted based on the data gathered. And the findings are indeed consistent with existing knowledge and views.

For further appreciation of the product life cycle (PLC) re-engineering concept and its relevance in PAN Ltd. The researcher gave the following recommendations.

- PAN Ltd should intensify effort at researching and properly identify and satisfy the actual and potential needs of the customers.

- Effort should be geared towards employing highly qualified and experienced people.

- The company should not relax at closely monitoring the performance of their product in each stage of their life cycle.

- And that staff should be given a formal training on the pursuance of the operation of marketing strategies to attain organization's goals and objectives.

CHAPTER ONE

1.1 INTRODUCTION

The theory of product life cycle came into being as a result of the trend in the market where marketers observed that, products like human beings came into existence, grow mature and eventually die or fade out of the market. A typical life cycle of a product is divided into four stages, namely introductory, growth, maturity and the decline stage. Each of these stages has a unique feature on which the marketers design appropriate promotional appeal or strategies to meet the challenges posed in the stages. However, most business failure and bankruptcy particularly in Nigeria, have been caused by ignorance and failure of the management to understand the concept of product life cycle, re-engineering, the challenges inherent in each of the stages and appropriate techniques and the promotional appeal that must be used to revitalize sales and consumers demand. Consequently, this ignorance on the part of management creates unnecessary wastes and problems that affect the organization negatively.

At the introductory stages, the products are newly introduced or innovated into the market for the first time for consumer's awareness and recognition. However, many products do not survive this stage because the mortality rate for new product is high, and it is most risky and expensive stage due to high percentage of product failure. As with human beings, this is a critical stage, for the product has little to protect it from the hostile environment into which it is introduced. In this stage, profits are low because of low sales and high promotional and distribution expense.

During the growth stages, sales rise rapidly and consumers accept and buy the product. At this stage the product makes its greatest impact in the market. A large number of competitors will begin to enter the market especially if the profit out look is very attractive.

The growth stage is characterized by market acceptance as both sales and profits rise, frequently at a rapid rate depending on the interest of the market in the product. Promotion is shifted to the stimulation of selected brand sellers begging the consumers to buy their brand, distribution outlet increases rapidly. Typically price start crumbling as new competitors come into the market. It is at this stage of the development that foundations are laid that determine which firms will probably survive the coming shake out in the later stages.

At Maturity stage, sales increase but at decreasing rate. The stage normally lasts much longer than the previous stage and it passes some of the most formidable challenges to the organization. Profits may decline as a result of the rising cost of promotion and fall in sales. To sum up, the major objective at this stage is to maintain and strengthen market position and to build loyalty among consumers and middlemen.

Moreover, re-engineering means putting aside much of the received wisdom of two hundred years of industrial management. It means forgetting how work was done in the age of mass market and deciding how it can best be done now. In re-engineering, old job titles and old organizational arrangements – departments, divisions, groups, and so on cease to matter. They are artifacts of another age. What matters in re-engineering is how we want to organize work today. Given the demands of today's markets and the power of today's technologies. How people and companies did things yesterday doesn't matter to the re-engineer.

Finally, the Declining stage is the period when sales decline rapidly and profit erodes towards the zero point. At this stage the company is required to exploit the product to attain all possible profits before making the final decision to eliminate or abandon the product.

1.2. HISTORICAL BACKGROUND OF PEUGEOT AUTOMOBILE NIGERIA PLC, KADUNA.

The initiative to establish a vehicle assembly plant in Nigeria was taken by the then Federal Military Government in the early part of 1960. The idea was however concretized on 6th October 1969 when the Federal Military Government invited 16 reputable vehicle manufacturers in the world to submit proposals for the establishment of a vehicle assembly plant in the country.

Twelve years before the initiative was taken, in 1957 to be precise, Peugeot cars made their first entry into Nigeria when about 100 units of the Peugeot '203' models were imported into the country by individuals. These cars soon became very popular to their legendary reliability and suitability to Nigeria road condition. These were followed by rugged '403', many of which can be seen on the road.

The demand for Peugeot cars in Nigeria rose sharply again in the 1960s with further introduction into the country of the Peugeot '404' model. With the high demand for Peugeot products, which was a mark of acceptability, it was therefore no surprise when on 7th May 1971, Automobile Peugeot, France, proposal was selected out of those tendered by 16 various vehicles manufacturers.

December 15th 1972, marked a watershed in the life of Peugeot

Automobile Limited. It was on this day Peugeot Automobile Nigeria (PAN) was incorporated as a limited liability company with an authorized share capital of N3, 000,000 Naira 27 months only after incorporation, the assembly plant was commissioned by the Head of States, General Yakubu Gowon, on 14th March 1975, though PAN commenced full operation on 2nd March 1975.

PAN's shareholders:

The shareholders of the company are as follows:

S/N	NAMES SHAREHOLDERS	% SHARE	NO OF SHARE	NOMINAL VALUE (N)	PAID –UP VALUE (N)
1.	Federal Ministry of Finance	35	2,625,000	5,250,000	5,250,000
2.	Nigerian Industrial Development Bank Limited (NIDB)	5	375,000	750,000	750,000
3.	Katsina State Development Company Limited	5.3	397,500	795,000	795,000
4.	Kaduna Industrial & Finance Limited	4.7	352,500	705,000	705,000
5.	SCOA Nigeria PLC	5	375,000	750,000	750,000
6.	UTC Nigeria (UTC)	5	375,000	750,000	750,000
7.	Automobile Peugeot France	40	3,000,000	6,000,000	6,000,000

1.2.1 SET OBJECTIVES:

PAN at inception had as its objectives the following amongst others to:

1. Chart a course for Nigeria's industrialization in the area of assembling and manufacturing of Peugeot vehicles.

2. Engage in the local assembling or production of cars suitable to Nigeria's physical environment and climate condition.
3. Articulate a definite and viable policy on local contents development and reduce over- dependence on imports in auto-industry and thereby help conserve foreign exchange for the country.
4. Produce and distribute vehicles spare parts and accessories to supplement the products of the plant.
5. Serve as an avenue for transfer of technology by providing on-the-job training to Nigeria workers, technicians and managers who will eventually develop technologies usable in many aspect of the economic life of the country.
6. Create employment opportunities for Nigerians by developing an industrial network of suppliers who would contribute to the establishment of basic technologies in the filed of machining, stamping, manufacturing of plastic parts.

   How far have these objective been realized? To answer this question requires first of all, an insight into the type of management structure drawn to achieve the objective.

1.2.2 MANAGEMENT STRUCTURE

The organization structure of PAN is well structured to enhance efficient and effective operations. At the apex of the pyramidal chart is a board of Directors, headed by a Chairman. The board is charged with the responsibility of formulating policy guidelines for implementation by the general management team.

The general management team which oversees the day-to-day activities of the company, is headed by the Managing Director, assisted by the Deputy, Managing Director, a Nigerian, there are four. General Managers who run the affairs of the company's four major divisions which are, industrial Divisions, commercial Division, Finance and personal/Administration Division. Directly attached to the office of the Managing Director are the company secretary/Legal Adviser and four other functional departments.

1. Internal Audit.
2. Corporate Planning.
3. Data Processing.
4. Pubic Relations.

PAN's organizational chart is not rigid. It is dynamic and has responded to new circumstances and new economic conditions. The major movement of staff in November 1990 particularly at senior levels was to allow for renewed motivations and new ideas.

The Head of Peugeot Automobile Nigeria Limited is in Kaduna and is organized as follows:-

- A general management with overall responsibility for the company's activities in Nigeria.
- The financial management with overall responsibility for accounting.
- And a commercial management that includes:
- The market and development department; responsible for PAN Ltd sales policy.
- The planning department is in charge of order and delivery schedule.

- The delivery center, which takes delivery of new cars, assembled by the plant and tests and dispatches them.
- The after sales department, which provides assistance to our distributor's garages in the form of advice and training.
- And the spare parts department, which assists our distributors with spare parts order and now has it own spare warehouse.

The Kaduna workshop include essentially.

- A body welding shop with 8 lines for cars, including anti-rust protection areas.
- A huge paint shop where the cars receive 6 coats of anti-rust protection and paint, the capacity of which has been expanded to over 250 cars per day.
- Assemble lines for engines, gearboxes, front suspension, rear axis, and mechanical components to the chassis line.
- Two complete assemble lines with integrated air-conditioning equipment where the car bodies is mounted on the above trains.

The components are supplied by Peugeot Automobile (CKD parts) and by Nigerian suppliers (local content).

PAN has made a tremendous investment of over two Billion Naira
(N2 billion) in order to cope with the extra ordinary success of Peugeot in Nigeria.

1.2.3 ACHIEVEMENTS:

Peugeot Automobile Nigeria (PAN) Ltd started its industrial activities in 1975. Since its establishment, PAN has constantly intensifies efforts towards realizing its objectives. In its 10 months of operation March to December, 1975 PAN recorded a production figured of 2,600 cars. Its annual production figures increased steadily reaching an all time record of 59,000 cars produced in 1981.

Below is the actual output figure achieved:-

1976	-	15,300
1977	-	23,500
1978	-	24,800
1979	-	34,800
1980	-	48,300
1981	-	59,500
1982	-	56,000

Simultaneously, PAN developed the local manufacturing of Peugeot components through a network of six (6) industrial Suppliers through out the country. During the same period above, the local content ratio achieved in PAN gradually increased from:

1977	-	3%
1978	-	7%
1979	-	9%
1980	-	14%
1981	-	20.5%
1982	-	30%

From 1982, both PAN and its industrial suppliers face within a static economic environment, linked with sudden drop in oil revenues, severe difficulties in obtaining the vital licenses for either CKD components by PAN or the raw materials and semi products imported by its local suppliers. During this period until 1986 the sharp reduction of outputs from 56,000 down to 27,000 was accompanied by a sharp reduction of the local content ratio from 30% down to 9.5%. The company was then left with no alternative than to re-introduce the CKD parts, which could no longer be produced by its local supplied due to their inability to obtain the essential imports licenses.

Due to this gradual decline in the economic recession, PAN produced only 5,900 cars in 1989 thereby representing 9% of its capacity utilization. The global decline in economic activity in the country in particular also had a corresponding down turn in sales figures.

This problems was further compounded by some government' economic and industrial policies such as the high tariff on completely knocked down parts (CKD), allowing the importation of fully built-up cars particular used cars at relatively low tariff, and the high interest rates on loans charged by banks. The result is a gradual decline in capacity utilization of PAN from 100% in 1981 to 10% in 1987, 16% in 1988% in 1989, 12% in 1990 and 19% in 1992.

In 1975, Peugeot Automobile of Nigeria rolled out its cars in the model of '404' design. Though the future looks bright for PAN in the years ahead, these challenges need to be addressed for increase in production and product competitiveness through various means of cost reduction relative to overheads and financial charges.

PAN Training centre started with eleven (11) Expatriates under management of ORT (Organization for Rehabilitation through training) an international training consultancy firm based in London this firm has been able to train their Nigeria counterparts that the phase of Nigerianisation has been completed since November 1989.

PAN training centre was established as a result management's recognition of the paramount need for the continuous development of knowledge skills and attitudes of the workforce as essentials to company success and worker satisfaction.

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The Training Centre recommends training policies and ensures their implementation. It trains manpower to the management level and to the standard approved by the industrial Training Fund. It also provides training opportunities to all levels of staff when organisation changes are planned.

The Training Center directs the application of Psychometrics and Industrial Psychology in the recruitment selection and promotion of deserving members of staff. Job competencies constantly interchange with changes in technology changes in economic climate, worker advancement and career growth. The implications of these rapid change are greater expectations from training and development functions.

Human resource development is therefore an essential tool in PAN's effectiveness. The Training Center program is based on modular approach and is provided in two separate units.

- Industrial Training (within the Company).
- After sales/distributors Network Services. The courses are offered free of charge.

Training plans are formulated, as a result of identification of training needs. Identified training needs are further defined into training objectives and evaluation.

The current training staff strength is 40 and the department handles training activities for the 1500 (in data analysis) industrial staff in PAN, plus 300 staff suppliers and 1500 After-sales distribution personnel.

All course are duly approved by industrial Training fund (ITF). The Training activities. Are structured on a monthly yearly basis and further broken down into weekly activities.

The PAN training center run the underlisted course regularly.

- Supervisory
- Store keeping and driving
- Automotive and related
- General maintenance and mechanic, pneumatics
- Electrical maintenance
- Body panel beating and spray paining.
- Language course…French and English
- Computer training
- After sales/distributor network engineering and mechanical starting (e.g. annual training plan 4, weekly plan5)

The instructional material are prepared and are on instructional methodology.

- Lecture method
- Task instruction
- Case study, role play and management games
- Demonstrations.
- Group discussion
- Project and problem solving techniques.

PAN training center has a cordial working relationship with the industrial training fund. After the visit of the governing council of industrial fund (ITF) in 1984, PAN training center attained the status of a MODEL Training center. This was because of the good quality of the teaching staff, the trainees, good quality of instructional material, training aids, technical equipment and resources

center PAN training center has been granted an Ex-gratia Award by the industrial training fund owing to the quality and sophistication of their training system (the first few training center to receive such a prestigious award in the country). Training in PAN is a serious staff development pursuit notwithstanding the limitation of the resources; the company has spent over N8, 000,000.00 (in data analysis) in training and manpower development.

PAN has equally paid N2,300,000.00 as industrial Training contributions to industrial Training Fund, while a total of 200,000 (in data analysis) man days have been expended on staff training with a breakdown of 135,000 man days on industrial training and 65,000 an days on after-sales Network training (in data analysis).

Part of PAN's training effort is directed is directed towards adult Education program in keeping with the directives from the Adult Education Department of the Kaduna State Ministry of Education. Some workers who are unable to read and write properly are subjected to intensive basic education and general knowledge preparatory to taking examinations, which will equip them to more job challenges and job satisfaction.

The total number of staff who can now speak and write good English in compliance with the Adult literacy policy of the Kaduna State Ministry of Education is 38.

PAN training center conducts proficiency tests in all fields, for promotion and skill competence. Training effectiveness is also assessed through this means. Promotion tests for staff are also carried out as the needs arise. The total number of staff who passed through proficiency tests is 1306 out of which 758 were successful as at May/June 1990. Senior and management staffs are developed through special courses in Nigeria.

- Center for Management Development (CMD)
- Ahmadu Bello University, Zaria. (ABUCON).
- Administrative Staff College of Nigeria (ASCON).
- Industrial Training Fund (ITF).
- Nigeria Institute of Management (NIM).
- Institute of Personnel Management (IPM).
- Special courses by universities, Polytechnics and external Consultants.

Expressing support for the call to ameliorate the unhealthy situation, PAN's senior staff Association in speech ready by its chairman on the occasion of PAN's 15th years Anniversary called on the Federal Government to ban the importation of the cars into the country and to reduce the tariff on CKD' to cover all locally assembled cars in order to give more production to assembly plants in the country.

Speaking in a similar vein, the PAN junior staff, through its chairman, not only appealed to the Federal Government to patronize made in Nigeria cars but to also "produce a total ban on importation of second hand vehicles know as Tokunbo" because individual motor companies that import them do not have facilities for after sales service. The union also called on the government to reduce drastically the tariff on completely knocked down parts and "review seriously the lending rates by banks in Nigeria for the survival of our industries".

Weathering the storms, PAN can boost of having produced over 460,000 Peugeot vehicles since it's inception. PAN management proudly refers to Nigeria as a 'Peugeot Country because Peugeot vehicle account for about 70% of intra and inter-city travels, which means that 7 out of 10 vehicles plying our roads today are Peugeot cars.

The Kaduna Assembly plant now produces the following models.

- "504" GR Base
- "504" GR/AC
- "504" Family and family AC, Ambulance
- "505" SR
- "505" Evolution
- "J5" Buses/Luxury
- "306"
- "406"

It is also pertinent to note that the Kaduna plant had once produced Peugeot

- "404"
- "504" L

(History of Peugeot in Nigeria in brief)

1.	Individual Importation	-	1957
2.	SCOA as a sole Importer	-	1957-1975
3.	Incorporated PAN in December	-	1972

PAN PRODUCT DEVELOPMENT SINCE 1975

1.	404 saloon	1975-1979	
2.	504 GL Saloon	1975-1980	
3.	504 Family ordinary	-	1976
4.	504 family Air-condition	-	1982
5.	504 GR Saloon ordinary	-	1975
6.	504 GR Saloon Air-condition	-	1978
7.	504 Jubilee	-	1982
8.	504 SR Air-Condition	-	1982
9.	J5 Bus	-	1990
10.	504 SR 2000	-	1982

11.	505 GL Air condition	-	1981
12.	505 SR	-	1981
13.	505 SR	-	1986
14.	505 ST	-	1984
15.	505 EVO	-	1984
16.	505 Super Evolution	-	1984
17.	504 New Line	-	1980
18.	504 Best Line	-	1980
19.	504 Delivery Van	-	1980
20.	504 Cabin	-	1980
21.	Boxer	-	1996
22.	306 SR	-	1995
23.	306	-	1996
24.	406	-	1999
25.	607	-	2000
26.	207	-	2000
27.	307 Wagon	-	2003

1.3 STATEMENT OF THE PROBLEM

One of the major causes of business failure is the total negligence of product life cycle re-engineering and its application to marketing organisations. Consequently, the organisation continues to lose its scarce resources in misplacing priority in the area of promotion and distribution of the product. The product life cycle clearly depicts the life history of the products from the introductory stage to the declining stage, and the inherent challenges in each of the stages. This is an important guide to marketers to evaluate the position of its products, its performance in the market, the threat existing in the market place etc. Product marketed may face serious threat in its marketing environment including changing consumer tastes, introduction of new technology, competition etc. Failure to observe the stages of product cycle closely

and evolve appropriate marketing strategies to revitalize the sales of the product often results into marketing failure.

1.4 OBJECTIVES OF THE STUDY

The main objective of this study is to explore the marketing activities of PAN NIG PLC. With a view to identify the marketing strategy to cope with the challenges of the PAN product life cycle. Specially, the researcher attempts to achieve the following specific objectives.

- To determine the marketing challenges of PAN's products at the introductory, growth, maturity and decline stages of the company's product and to determine the competitive strategies to use.
- To examine the marketing strategies to cope with the challenges of re-engineering.
- To find out the implication of the competition created by foreign manufacturers and the existence of fairly used vehicles in Nigeria to the PAN product life cycle.
- To identify and examine the environmental factors whether technological, legal, competition, economic etc, that affect the marketing of PAN products in Nigeria.
- To suggest solution to marketing problems highlighted or discovered during the course of this study.

1.5 STATEMENT OF HYPOTHESIS

The following statement of hypothesis will be tested:

HO. That sales decline has no relationship with product life cycle re-engineering

H1. That sales decline has relationship with product life cycle re-engineering

1.6 THE SIGNIFICANCE OF THE STUDY

To be abreast with the various stages of a product life cycle is as important as the existence of the company. This is because it tends to uncover some of the problems faced by the company in their attempt to serve their target market. The significance of this study or survey lies essentially on its consumption to the existing knowledge. It is hoped that this work will provide an ample source of reference materials for other scholars of marketing and other management field in Nigeria. More so, to determine why the concept of product life cycle appears not to be having much impact on the company's products and detect some of the factors responsible.

In addition, this research work will benefit the following groups.

- The automobile industry:-
  The industry having entered an era of accelerated change as a result of increased competition will benefit immensely from this study.
- The Peugeot Automobile Nigeria (PAN) Ltd:-
  The company will be able assess more critically the market situation and evolve a more realistic strategy aimed at breaking new grounds through effective marketing activities thereby guarantying the survival of the company.
- The consumers of PAN Ltd. Products:-
  The study will provide an insight into the activities of PAN Ltd. And the position of the company's products in relation to other products in Nigeria.

1.7 SCOPE OF THE STUDY

The scope of this work focuses on the marketing activities of PAN NIG PLC in Nigeria. (The research is centered on the application of product life cycle concepts and re-engineering of PAN Nig. Plc) The data and information required will be restricted to the management and dealers of PAN products. It shall cover from 1999 to 2004, been a period of five years.

1.8 LIMITATION OF THE STUDY

The researcher encountered some constraints in the course of gathering data. Due to financial and time constraints, the researcher has not been able to extend his study beyond the stated case study.

- Obtaining information from a complex organisation is not an easy task, hence laid down procedures and channels has to be adhered to strictly before the release of any documents.

- Uncooperative attitude of some respondent, was also a constraint. In particular the customers of the company were late in returning their questionnaire. Also, time was not in favour of the writer, many times appointments has to be re-scheduled for interview and discussions while seeking for data, but due to the fact that time was not on my side, it had to delay.

1.9 DEFINITIONS OF TERMS

(a) **MARKETING**: Marketing is the process of planning an executive the conception, pricing, production and distribution of ideas, goods and services to, create exchange that satisfy individuals and organisation objectives.

(b) **SURVIVAL**: The ability of the company to remain in the market.

(c) **PRODUCT:** A bundle of tangible and intangible attributes that gives satisfaction to the recipient.

(d) **PRODUCT OBSOLESCENCE**: This is the point at which customers are no longer interested in the product and the demand drops.

(e) **PRODUCT MORTABILITY**: This refers to the degree at which a product can survive in the market

(f) **PRODUCT LIFE CYCLE**: An attempt to recognize distinctive stages in the sales history of a particular product.

(g) **INTRODUCTION**: The first stage of the product life cycle. At this stage, the product is being freshly introduced into the national market.

(h) **GROWTH OF THE PRODUCT:-** It is a period of transformation form infancy to growth of the produced.

(i) **MATURITY**: This is the stage at which the product is fully known in the market.

(j) **SATURATION**: The saturation level of a product is the point at which a product reaches and begins to decline.

(k) **DECLINE**: This is the period when sales continue to take a strong downward drift. Sales and profit erode toward the zero point.

(i) **ABANDONMENT**: This is the last stage in the product life cycle. It is the period when the product is withdrawn.

(m) **PRODUCT QUALITY**: Defined as the degree of excellence a product should posses with regards to its extrinsic attributes.

(n) **MARKET:** Market as used in this respect is the aggregate number of consumers that form the demand for the product.

(o) **PRODUCT MODIFICATION**: An improvement in an existing product by a firm.

(p) **RE-ENGINEERING:** It is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed.

(q) PRODUCT DEVELOPMENT: Goods that are basically different from those already marketed by a firm.

(r) RECYCLING: It is a term used to designate the marketing strategy of finding new uses for products.

(s) RE-ENTRY: Removal is immediately followed by the re-entry of a new product and improved version of the dying product.

(t) CKD: "Completely knocked down" component.

(u) PAN: Peugeot Automobile Nigeria.

CHAPTER TWO
LITERATURE REVIEW

2.1 INTRODUCTION

In the course of the research work, the researcher in this chapter review the existing related literature of other authors. The views of the authors are critically appraised and compared.

2.2 CONCEPT OF PRODUCT

There are various definition of products by different marketers. Stanton (1991:161) defines "A product is a set of tangible and intangible attributes including packaging, colour, price, manufacturer and retailers services which the buyer may conceive as offering want and satisfaction". They key idea in this definition is that consumers are buying more than of physical attributes. Many manufacturers sell their symbols as well as products. People buy things not for what they can do alone but also for what they mean.

Stapleton (1989:58) further explained that a ring for example denotes genuine affection, it has connotation with love and marriage. Between young people it is, perhaps, the ultimate material gift. It signifies the value on the relationship and durability of the union, it suggest promise for the future – a promise of happiness even together.

He gave his definition of a product as "A conveyor belt of satisfaction". The important factors that arise from these conclusion are that totally different products may be competing against each other of the same purpose; while marketing communication's aim of product utility will have little or no effect on consumer motivation.

Kolter (1990:368) “a product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a need. It includes physical objects, services, and persons, place, organization ideas.

Other names for a product would be the offer, value, package or benefits bundle. He went further to say that in developing a product to offer to the market, the product planner should distinguish three levels of the concept of a product.

a. The market’s job here is uncover the need hiding under every product and sell benefits not features.

b. The product planner has to make the core product tangible to the buyer. At this level, it is called the tangible product. Lipsticks, computer, educational seminars, political candidates are all tangible products. If it is a physical object, it may have up to five characteristics – a quality level, feature styling, a brand name and packaging. If it is a service it may have some or all of these characteristics in analogous manners.

c. Lastly, the product planner needs to decide on additional services and benefits that will be offered along with the tangible products. They make up the augmented products.

Generally however, the writer is of the view that, product or real product is the benefits consumer receives. That is, the purpose of the product is not what the engineer explicitly says it is, but what the consumer implicitly demands that it should be. Thus the consumer consumes not things but expected benefits, not shirts but satisfaction of the allurement they promise.

2.3 THE CONCEPT OF PRODUCT LIFE CYCLE

The concept of the product life cycle goes round on the belief that much as a living creature, a product is born, spend some time growing maturing and then begins the final demise. In other words once a product been develop, tested and placed on the market, it goes through sales history extending from the time it is first placed on the market until it is removed.

The length of life cycle varies among products, ranging from a few weeks or short season to several decades as claimed by Stanton (1981 Pg. 183).

Kolter (1981 Pg. 347) on his parts says “To say a product has a life cycle is to assert four things:

i. Product has a limited life.
ii. Product sales pass through distinct stages each posing different challenge to the seller.
iii. Product profit rise and fall at different stages of the product life cycle.
iii. Product requires different marketing, financing manufacturing, purchasing and personnel strategies in different stages of their product life cycle”.

The product life cycle is an attempt to recognize distinct stages in the sales of the product. Although, the number of phases suggested in the product life cycle literature varies between four and six. But for the purpose of this research work, a four-life cycle – introduction, growth, maturing and decline is adopted.

A revisit to Stanton (1981 Pg. 183) reveals that even the duration of each stage may be different among products. Some products take years to pass through the introduction stage, while others are accepted in a few weeks pointing out

also that, certainly to all company's product go through all stages. In virtually all cases, however, decline and possible abandonment are inevitable because.

a. The need for product disappears.
b. A better or less expensive product is developed to fill the same need.
c. A better competitor does a superior marketing job.

Jagdish and Dennis (1982 Pg. 30) has this to say: The theoretical rationale behind the PLC concept emanates from the theory of diffusion and adoption of innovation. That is, unit sales are low in the introduction stage because few customers are aware of the new goods/services. With consumer's recognition and acceptance, unit sales begin to increase at increasing rate. This signals the start of the growing stage. However, the rate of growth in unit sales will subside as more competitors enter the industry and market begins or tends to be smaller. Eventually, unit sales reach a Plateau and the product is in the maturity stage. Most of the mass market has already purchase the item as consumers increasingly forsake the product for this renew counterpart, until sales will decline rapidly. Removal from the market is eminent.

2.4 DIFFERENT STAGES OF PRODUCT LIFE CYCLE

As emphasized by Mathen et al (2000 Pg. 60) the concept of the product life cycle revolves on the belief that the product just like living organism undergoes various stages in its existence. It therefore concept of the life cycle must be followed. The life cycle is divided into stage ranging from four to six (4-6) but that of four stages shall be adopted they are:

i. Introductory stage
ii. Growth stage
iii. Maturity stage
iv. Decline stage

2.4.1 INTRODUCTORY STAGE OF THE PLC

At the introductory stage we have products that are newly innovated and introduced into the market for consumers' awareness and recognition. Many products do not survive this stage because the mortality rate of new product is high. And it is the most risky and expensive stage due to high percentage of product failure.

Baker (1979 Pg. 201) contributed to examine on introduction stage of a product life cycle as "the first stage in the product life cycle is represented by its introduction into the market. As with human beings this is a critical stage, for the product has little to protect it from the hostile environment into which it is introduced. Fortunately, medial science has been more successful in protecting new born offspring than the market". Stressing that new product enjoy a period of increasing demand and rapid growth, but as with most innovations one merely substitutes for existing product other manufacturers will react strongly to new comer and their own decline in market share eventually streaming the new comer's growth.

Introduction stages start when the new product is first distributed and made available for purchase as emphasized by Kolter (1983 Pg. 355). It takes time to fill the dealer pipelines and roll out product in several market; so sales growth is apt to be slow.

In this stage profits are negative or low because of the low sales ad heavy distribution expenses. Promotion expenditure are at their highest ratio to sales because of need for high level of promotional efforts to form potential consumers of the new and unknown products; to induce trail of their product and to secure distribution in retail outlets.

There are only a few competitors and the produce basic version of the product, since the market is not ready for product regiment, price tends to

be on the high side Mathen et al (2000 Pg. 63) contributed that skimming pricing strategy may be suitable under the following conditions:

a. If the new product is significantly superior to existing ones before and requires a sophisticated technology to produce it. The firm may therefore enjoy a monopoly e.g concord Aircraft.
b. It may also be possible to adopt an initial high price if it is a fashion product, which is likely to become obsolete.

2.4.2 GROWTH STAGE

During this stage of the product life cycle, sales rise rapidly as more and more consumers accept and buy the product. At this stage the product makes its greatest impact in the market. Large number of competitors will being to enter the market especially if the profit outlook is very attractive.

As rightly pointed by Buskirk (1979 Pg. 174) the growth stage is characterized by market acceptances as both sales and profits rise, frequently at a rapid rate, depending on the interest of the market in the product. Promotion is shifted to the stimulation of selection brand; sellers begin screaming at the consumers to buy their brand; distributors outlet increase rapidly. And typically, price start crumbling as new competitors come into market. Value engineering and the economic that result from larger production runs also allows price to be brought down. It is this stage of development that the foundations are laid that determines which firms will probably survive the coming shake out in later stage. Kolter (1990 Pg. 359) indicated that during this stage, the firm uses several

strategies to sustain market growth as long as possible pointing out that the firm needs to improve the quality of their products and add new product feature and improve styling; the firm should enter new product features and improve styling; they should enter new market segment and new distribution channels; and that the firm should lower price at the right time to attract price sensitive buyers. The firm in the growth stage faces a trade off between high market share and high current profit. And by spending a lot of money on product improvement, promotion and distribution, it can capture and dominate the position.

2.4.3 MATURITY STAGE

Here, sales increase but at decreasing rate. The stage normally lasts much longer than the previous stages and it possess some of the most formidable challenges to marketing management. The fully established product will face competition from other contender in the market. Profits for both manufacturer and the retailer may decline as a result of rising costs (promotion costs) and fall in sales. Marginal producers may be forces out of the market. This sum up to say that the major objectives at this stage is to maintain and strengthen market position and build loyalty among consumers and middlemen.

As observed by Mathen et-al, this is referred to as maturity stage because, after many years of the product's existence, it is hoped that it has been sufficiently known in the market to have appreciable number of loyal customers. Stressing that the struggle here is that of survival of the fittest. Many manufacturers will resort to product differentiation as a way of presenting a product in new form. The advertising theme will also be very aggressive and at this stage, manufacturer may use price as a means of fighting competition.

Similarly, Burskirk (1976. 195) wrote on the subject matter and has this to say – as product matures, its rate of growth slows down, level off and profits decline. This creates greater strain on profit. Product lines are greatly broadened at this stage as each manufacturer introduces variation in his product in the hope of appealing more strongly to specific market segment.

This is the period in which the shake out of marginal producers get underway with great determination. Only the strongest firms survives, i.e those who have built a strong position in the market backed with sound distribution-wise product policies and sound financing price competition becomes predatory as firms in their state of desperation try anything to recover something in excess of marginal cost.

Kolter (1990 Pg. 360) explained that some companies give-up on the mature products, feeling there is little they can do. They think the best thing is to conserve their money an spend it on new product in development pipeline. He commented that the product manager looks for opportunities to find new buyers for the product. First, the manage looks for new market segments that have not yet tried the produce, and next the manager looks for ways to stimulate increase usage among present customers.

2.4.4 DECLINE STAGE

This is the period when sales decline and profits rode toward the zero point. Here, the company is required to exploit the product to attain all possible profits before making the final decision to eliminate and abandon it.

Dibb et-al (1991 Pg. 218) remarked that during the decline stage sales fall rapidly. New technology or a new coil trend may cause product sales to rake a sharp turn downwards. When this happens, the marketer considers pruning items from the product line to eliminate those not earning a profit. At this time too, the market may cut promotion efforts, eliminate marginal distributors, and finally, plan to phase out the product.

The decline stages of a product witness a situation where no amount of marketing efforts can salvage the product. As contributed by Mathen et-al they linked this stages to a person of over 60 years trying to put a make up to remain young. They went further to say that the decline may be brought about due to introduction of better substitute. The stage may last for a very long period of time and for others however, it may take just a short period.

Scheme and Smith (1980 Pg. 298-299) observed that as product sales turn downwards, profit usually decrease and competitors leave the scene. At this point marketers do very little to change its life style, design or other features.

Distribution outlets are phased out as they become unprofitable, but those serving core markets are maintained. The fact that the product is in the final stage of its cycle does not mean that it is unprofitable. To the contrary, the decline stage can be very profitable for those marketers that stay in the field.

The product has been a cut back in terms of available colour, size, and models and so on. Thus the product matches only the need of its core market and the buyers tend to be specialized. The author of this project is of the opinion that at this stage, a new product should be in the pipelines.

2.5 NEW PRODUCT DEVELOPMENT

Despite the fact that there is unstable economic condition in many advanced countries, economic recessions and political instabilities in developing countries, reluctance to take chances, to invest in pure research and experiment with new ideas, less opportunity for profit and new – profit testing and launching is getting very expensive. Most companies are ready to copy new ideas as soon as the path to success is clear.

The reason for this is that, products like living things grow (in sales), then declines, abandoned and eventually are replaced. In the words of Stanton W. (1993 Pg. 164& 165) the watchword must often be “innovate or die and this attitude can become a philosophy almost paralleling that of the marketing concept.

Peter Drucker also recognized the importance of the two concepts when he said, “ because it is its purpose to create a customer and business has two and only these two functions – marketing and innovations”.

2.5.1 WHAT CONSTITUTES A NEW PRODUCT

Baker (1980 Pg. 202) indicated that there can be no hard – and fast answer to this, for newness is essentially a subjective concept that depends upon one’s state of knowledge or in the case of a firm, its current range of activities. He quoted MANFIELD’s definition as “a presumption for a new product or process that was not obvious to one skilled in the relevant art at the time the idea was generated, to a minor change in an existing, widely known product e.g the addition of a new blue whitener to a detergent.

Baker then says that new product will be considered as anything which is perceived as such or with which the firm has previous experience.

Mathen et-al (2000 Pg. 49) wrote that the “new product” could be used to described any product which has new substance incorporated. The new substance, they said could be a modified flavour, colour or even the pack. They agreed that a product could be termed “new” if it is seen so by the consumer. And this could occur, for example, if the product, which has existed somewhere, is introduced to the new market. It is said to be new. Also if new use are found or discovered.

2.5.2 NEW PRODUCT DEVELOPMENT PROCESS

The process used in implementing product development programs varies among organization; most firms with significant levels of new product activities attempt to employ logical and sequential processes. The purpose of a structured approach is t provide a mechanism for evaluating a new product idea of several points in time. By using the sequential approach, the least attractive ideas can usually be dropped before extensive time and costs are expected.

It is important to mention that successful and even new products do not come about easily or cheaply. Their development involves a process that can be divided in the following six stages.

1. Idea generation.
2. Screening.
3. Business analysis
4. Product development.
5. Test marketing.
6. Commercialization.

2.5.3 IDEA GENERATION

The first step in production development is ideation or idea generation. It is the state in which efforts are made to develop as many ideas-before the company settles on a particular idea. The generation of new product idea should be a continuous process, which may involve different groups. The sources of new products are many and varied. Examples including salesmen feeding management with new ideas, consumers may write to companies suggesting new products, employees, research and development etc. However, some companies do maintain a department or committee to generate new ideas.

Kotler (1990 Pg. 413) pointed out that, really good ideas come out of inspiration, perspiration and techniques. A number of "creativity" techniques can help individual and groups generate better ideas.

Since ideas make products then organisation on the part of new product development must be constantly on the search for these ideas. Osborn on his part suggested that, useful ideas could be stimulated by putting the following questions to an object and its attributes; put to other uses? Adopt? Magnify? Rearrange? Combine Reverse substitutes etc.

2.5.4 SCREENING

The company at this stage must seek to avoid two types of errors as emphasized by Kotler (1980 Pg. 338).

a. A drop error occurs when the company dismisses an otherwise good idea because of a lack of vision of its potentials.
b. A go error occurs when the company lets a poor idea proceed to development and commercialization.

The job of screening is to spot and drop poor ideas as early as possible. Mathen et-al (2000 Pg. 55) contributed that the ideas gathered so far must be screened against certain criteria.

That is, each new idea must fulfill certain requirements before a go ahead could be given for its development. Such criteria might as well include some of the following:

i. The ability of the product concept to use available local ingredient and its potential to appeal to the mass market.

ii. Products developed must have unique selling properties or benefits.

Iii. Products that can be handled through the company's existing distribution channels may be prepared over those that require the complete adoption f new channels.

iv. Ability of the product to sustain a gross profits before marketing at a rate of forty percent (40%).

The analysis might as well take the form of question posed to each department such as: do we have an adequate and dependable source of power? How can the company obtain the qualified staff required for the new product development if the old staff are not adequate etc.

2.5.5. BUSINESS ANALYSIS

The next stage in the development of a new product after the screening is to undertake the business analysis. The analysis tells what the economic consequences of the product will be for the company as a whole, forecasting and demand analysis play an important role in this process.

The company must compute and compare the expected revenue on sales of the each product idea, the cost producing each of these products Include those of marketing and those of related to social and environmental impact) and an estimate of the life span of these products. The idea to be selected should be the one that help the company to maximize the realization of its objective.

The business analysis may involve consultation between the research and development, marketing executive, some trusted customers and other expert from the company's research and advertising agencies.

2.5.6 PRODUCT DEVELOPMENT

Until this stage, the product, is only an idea that is a general concept of want the product might be. At this stage management converts the product idea, which is on paper into a physical product something more real than just a picture or a drawing.

A pilot or a type model manufactured in small quantities is designated to certain specification and then conduct laboratory test and all technical evolutions necessary to determine the engineering and production feasibility of the product.

The research and development are expected at this stage to produce samples after taking into consideration cost and other resources, and make the prototype available to consumers for evaluation. Usually a panel of experts is used for the evaluation. For non-durable goods on the other hand, the company should carry out a consumer preference test to find the attributes that will appeal to consumers most.

2.5.7 TEST MARKETING

Kotler (1990 Pg. 430) indicate that after management is satisfied with the product's functional performance, the product is ready to be dressed up with a brand name, packaging and preliminary marketing program to test it in more authentic settings.

As claimed by Mathen et-al (2000 Pg. 56), this involves the actual introduction of the new product in certain geographical areas to see how the product behaves in real market situation and to put to practical tests another element of the marketing mix such as the prices, the channel of distribution used and the promotion to determine their appropriateness.

The test marketing stage is therefore meant to elucidate such mistakes thus preventing the company form high risk of product failures.

2.5.8 COMMERCIALIZATION

Commercialization being the final stage in the process of a new product development involves mass production of the product and choosing its brand name and package.

It is emphasized by Kotler (1990 Pg. 436) that, test marketing presumably gives management enough information make a final decision on whether to launch the new product. Commercialization according to him involves a major investment since production facilities must be provided to manufacture the product. Once production has been attained, the company will launch the product with a comprehensive marketing program.

As rightly pointed put by Mathen et-al (2000 Pg. 57) this means that higher management, the product committee gives a go ahead that, full-scale production is undertake. The job will now therefore have to shift to

the production department where the men and machines may be geared towards series of batch production.

2.6 MARKETING STRATEGIES FOR DIFFERENT STAGES OF THE PRODUCTION LIFE CYCLE

Mathen et al (2000 Pg. 25) emphasized that the concept of the product cycle revolves on the belief that the product, just like living organisms undergoes various stages in its existence. It follows therefore, that once a product has been launched into the market, this concept of the life cycle must be followed. The life cycle is divided into various stages.

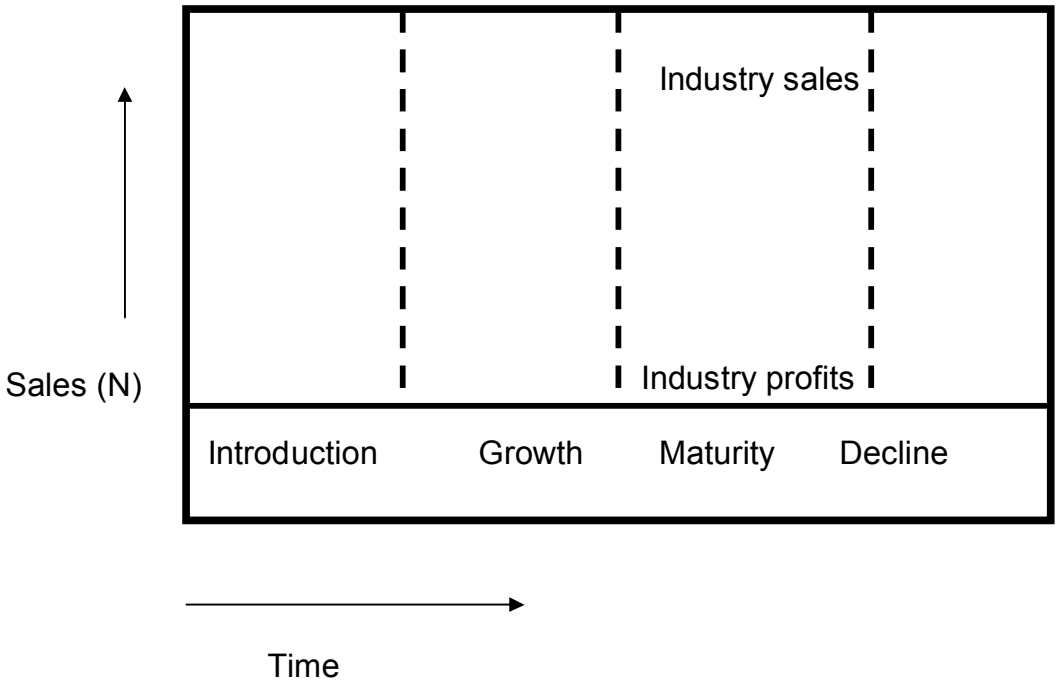
(a) Introduction Stage.

(b) Growth Stage.

(c) Maturity Stage.

(d) Decline Stage.

"Theoretical Frame work and related Model"



INTRODUCTION STAGE

Kotler said that the introductory stage starts when the new is first distributed and made available for purchase. It take times to fill the dealer pipelines and roll out the product in several markets; so sales growth is apt to be slow.

In this stage, profits are negative or low because of the low sales and heavy distribution expenses. Promotional expenditures are at their highest ratio to sales because of need for high level of promotional efforts to:

i. Inform potential consumers of the new and unknown products.
ii. Induce trial of the product
iii. Secure distribution in retail out-lets.

There are only few competitors and they produce basic versions of the product, since the market is not ready for product requirement and price tends to be on high side due to the following reasons.

- Cost are high due to relative low of price out-put rates
- Technology problems in production may have not yet been fully mastered, and
- High margins are required to support the heavy promotional expenditures, which are necessary to achieve growth.

MARKETING STRATEGIES FOR INTRODUCTORY STAGE

Saidu (1992 Pg. 4) indicated that in the introductory stage the main purpose of marketing strategy is to establish the brand. The main purpose of advertising is to create consumer awareness of the brand. The marketer must ensure sufficient distribution that the product will be available on the shelf after it is advertised.

Pricing will follow a penetration strategy if the objective is to make competitive in roads quickly, or a skimming strategy if the objective is to maintain a quality image and appeal to a select market. Penetration is more likely if demand is elastic and competition is intense. It also requires wide spread distribution facilities to ensure reaching a loyal marketing. Skimming is more profitable if the company is directing its appeal to a smaller, select group of customers. Willing to pay a higher price distribution is more selective.

Mathen et al (2000 Pg. 25) indicated that, the skimming pricing strategy may be suitable under the following conditions:-

i. If the new product is significantly superior to the existing ones and require a sophisticated technology to product it. The firm may therefore enjoy a monopoly.
ii. It may also possible to adopt an initial high price, if it is a fashion product that is likely to become obsolete soon with time.

Kotler (1990 Pg. 355-358) said in launching a new product marketing managers can set a high or low level for each marketing variable such as price, promotion, distribution, and product quality.

Considering only price and promotion, management can pursue one out of the four strategies in the figure below .
A rapid skimming strategy consists of launching the new product at a high price and a high promotional level. The firm charges a high price in order to recover, as much gross profit per unit as possible. It spends heavily on promotion to convince the market of the product's merits even at the high price level.

	HIGH	LOW
HIGH	Rapid skimming Strategy	Slow skimming strategy
LOW	Rapid skimming Strategy	Slow penetrating strategy

A diagram showing the four introductory stage marketing strategies.

The high promotion acts to accelerate the rate of market penetration. This strategy makes sense under the following assumptions:

(a) A large part of the potential market is unaware of the product.
(b) Those who become aware are eager to have the product and to pay the asking price.
(c) The firm faces potential competition and want to build up brand preference.

A slow skimming strategy consists of launching the new product at a high price and low promotion. The purpose of the price is to recover as much gross per unit as possible, and the low level of promotion keeps marketing expenses down. This combination is expected to skim a lot of profit from the market. This strategy makes sense when:

- The market is limited in size.
- Most of the market is aware of the product.
- Buyers are willing to pay a high price.
- Potential competition is not imminent.

A rapid penetration strategy consists of launching the product at a low price and spending heavily on promotion. This strategy promise to bring about the fastest market penetration and the largest market share. This makes sense when.

- The market is large
- The market is unaware of the product
- Most buyers are price sensitive
- There is strong potential competition and.
- The company's unit manufacturing cost falls with the scale of production and accumulated manufacturing experience.

A slow penetration strategy consist of launching the new product at a low price and low level of promotion. The low price will encourage rapid product acceptance; and the company keeps its promotion costs down in order to realize more net profit. The company believes that market demand is highly price elastic but minimally promotion elastic. This strategy makes sense when:

- The market is large
- The market is highly aware of the product.
- The market is price sensitive
- There is some potential competition.

GROWTH STAGE

Burskirk (1976 Pg. 194) pointed out that the growth stage is characterized by market acceptance as both and profits rise frequently at a rapid rate, depending on the interest of the market in the product.

New competitors begin entering the marketing if the profit appears attractive. Promotion has shifted the stimulation of selective brands, sellers begin screaming at the consumers to buy their brand; distributive outlets increase rapidly. Typically, price start lumbering as new competitors come into the market. Value engineering and the economics that results from larger production runs also allow prices to be brought down. It is at this stage of development that the foundation are laid that determine which firms will probably survive the coming shake out in the later stage.

MARKETING STRATEGIES FOR GROWTH STAGE

Kotler (1990 Pg.359) indicated that during this stage the firm uses several strategies to sustain market growth as long as possible:

i. The firm improves produce quality and adds new produce feature and improve styling.
ii. It enters new market segments.
iii. It enters new distribution channels.
iv. It shifts some advertising from product awareness to bringing about conviction and purchase.
v. Lowers price at the right time to attract the price sensitive buyers.

The firm in the growth stage faces a trade off between high market share and high current profit. By spending a lot of money on product improvement, promotion and distribution, it can capture a dominant position.

Saidu (1992 Pg. 4) pointed out that at this phase of the product life cycle, the basic purpose of brand strategy is to establish loyalty among those who have tried the brand. The main product concern is to identify deficiency once consumers have had the chance to use the product for a period of time. Several changes in marketing strategy occur in the growth stage. The advertising objective is now to educate the consumer on specific benefits rather than to create brand name identification.

As a result advantage insertion will not be as frequent and will be more information further having won trade be as acceptance. The company is likely to back out of any trade discount offered in the introductory stage. Also, price may be decreased if the company followed a skimming strategy to try to gain a competition entry.

MATURITY STAGE

Mathen et al (2000 Pg. 65) observed that this stage is referred to as the maturity stage because after many years of the product's existence, it is hoped that it had been sufficiently known in the market to have loyal customers (brand loyalist). The struggles here is that of survival of the fittest. Many manufacturers will result to product differentiation as a way of presenting a product in a new form. The advertising theme will also be very aggressive at this stage. Manufacturers may use price as a means of fighting competitors. This may then result to price 'was' that is, each manufacturers reduces its prices by a certain percentage margin. But if it allowed to continue, it will get to a stage where cost cannot be covered.

Although some products may survive this stage for several years, for others that might not be so lucky, the manufacturer may have to start thinking of what alternative product he should introduce in the near future to hedge against obsolesce that may be brought by the old product. Such new product must be one that can satisfy present needs better.

Burskirk (1976 Pg. 195) wrote similarly on the subject matter and has this to say: As product mature, its rate of growth slows down, level off and profits decline. Competition becomes severe and promotional effort increases. Thus creating greater strain on profits, product lines greatly broadened at this stage as each manufacturer introduces variations in his product in the hope of appealing more strongly to specific market segment.

This is a period in which the shake out of marginal producers gets underway. With grim determination, only the strongest firm survives- those who have built a strong position in the market backed with sound distribution, wise product policies and sound financing. Price competition becomes predatory as firms in their dying state desperation try to recover something in excess of marginal cost.

STRATEGY FOR MATURITY STAGE

Saidu (1992 Pg. 4) is of the opinion that in the maturity stage sales begin to level off because of more intense competition, technological advancement or change in consumer needs. The most frequent strategy for revitalizing the product in this stage is to secure new market segment. The main strategy used by marketers is replying on advertising to ensure market position. Advertising campaigns tend to shift from an attempt to differentiate the brand from a greater number of competitors. Minor change might be made in packaging or product design.

Kotler (1990 Pg. 360) explained that some companies give up on mature products feeling there is little they can do. They think the best thing is to conserve their money and spend it on new product in development pipeline. A good offence is the best defense, markets should systemically consider strategic marketing, product and marketing mix modification: Kotler (1980 Pg. 551-552) commenced that the product manager looks for opportunities to find new buyers for the product by first looking for new segments that have not yet been filled and also for ways to stimulate increased usage among present consumers. Then the manager may want to consider repositioning the brand to appeal to a larger or faster growing part of the market.

PRODUCT MODIFICATION

Kotler went further to acknowledge that manager should consider the possibility of stimulating sales through altering one or more elements of the marketing mix. One tactics is cut-price in order to attract new trials, competitors and customers. Another is to develop a more effective advertising campaign that attracts consumers' attention and interest; aggressive promotion, trade discount and contests. Moving into higher volume market channel particularly discounts channels. The company can offer new or improved services to the buyers as a patronage-building step.

DECLINE STAGE

Mathen et al (2000 Pg. 65) remarks that he decline stage of a product witness a situation where no amount of marketing efforts can salvage the products. They linked this stage to a person of over 60 years of age trying to put on make – up to remain young. He went further to say that the decline may be brought about largely due to introduction of better substitutes. The stage may last for very long, for other however, demise may take just a short period. Scheme and Smith (1990 Pg. 298-299) observed that as product sales turn downwards, profits usually decrease and competitors leave the scene. At this point marketers do very little to change its style, design, or other features.

Distribution outlets are phased out as they become unprofitable, but those serving core markets are maintained. The fact the product is in final stage of its life cycle does not mean that it is unprofitable. To the contrary, the decline stage can be very profitable for those marketers that stay in the filed. The produce has been cut back in terms of available colors, sizes and models and so on.

Thus the product matches only the need of its core market and the buyers tend to be specialized. The author of this project is of the opinion that at this stage a new product should be in pipeline.

STRATEGY FOR DECLINE STAGE

Saidu (1992 Pg. 5) commented in this direction that when sales begin to decline, the company must choose between totally redesigning the produce o withdrawing it . Withdrawal might be preceded by a harvesting strategy by withdrawing all marketing expenditure.

If the brand is to be modified, the main purpose of marketing strategy is to re-introduce the brand. This strategy requires formulating of new marketing mix. For all intents and purpose, the brand is treated as a new product. The main purpose of advertising is to educate the customers on the brand improvement. Distributors have to be convinced to stock the new brand since sales have declining. Trade discounts and advertising allowances may again be in order.

Kotler (1980 Pg. 354-355) observed that if a company decides to stay in the market, the firm faces strategic choices. The firm could adopt a continuation strategy, in which case it continue its past marketing strategy: Some market segments, channel pricing and promotion or the firm could follow a concentration strategy, in which case it concentrate its resources only in the strongest market and channels while phasing out its effort elsewhere.

Finally, it could follow a harvesting strategy in which case it sharply reduces its expenses to increase its current profits, knowing that this will accelerate the rate of sales decline and ultimate demise of the product. When a product has been singled out of elimination, the firm faces some further decisions.

a. It has the option of selling or transferring the product to someone else or dropping it completely.
b. It has to decide on the level of parts inventory and service to maintain to cover existing units.

2.7 LIMITATIONS OF THE PRODUCTION LIFE CYCLE CONCEPT

Product life cycle is a useful concept, which may serve as an important aid in marketing planning and strategy. A concept familiar to most marketers; it is given a prominent place theoretically but despite all this, its use in practice remains limited. This due party to the lack of normative models available for its application and partly to the vast amount of data needed for, ands subjectivity involved in, its use practice.

As a matter of fact, the Product Life Cycle concept has many times been criticized for its lack of relevance to business people. Years ago Buzzel (1966 Pg. 47) remarked that.

“There is very little empirical evidence to show how the life cycles operate and how they are related to competition and marketing strategy”

Dhalla and Yuspeh (1966 Pg. 47) also challenged the whole concept of product life cycle. They contend that Plc has led many companies to making costly mistakes and pass up promising opportunities. Such criticism of PLC may, in effect, be attributed to the lack of research base on the subject. As Levitt has said.

“Most alert and thoughtful senior marketing executive are by now familiar with the concept of the product life cycle. Even a handful of uniquely cosmopolitan and up-to-date corporate presidents have familiarized themselves with this tantalizing concept. Yet a recent survey I took of such executives found none who used the concept in any strategic way whatsoever and pitifully few who use it in any kind of tactical way. It has remained – as have so many fascinating theories in economic, physics, and sex- a remarkably durable but almost totally unemployed and seemingly unemployable price of professional baggage whose

presence in the rhetoric of professional discussion adds a much coveted but apparently unattainable legitimacy to the idea that marketing management is somehow a profession.

The concept of the product life cycle is today at about the stage that the Copernican view of the universe was 300 years ago: a lot of people know about it, but hardly anybody seems to use it in any effective or productive way.

While Levitt's criticism is very penetrating many academicians and practitioners feel that even in its present stage of development, PLC has proved to be remarkably durable because it has been valuable to those who know how to use it.
Smallwood claims.

"The product life cycle is a useful concept. It is equivalent periodic table of elements in the physical sciences maturation of production technology and product configuration along with marketing programs proceeds in an orderly, somewhat predictable course over time with the merchandising nature and marketing environment noticeably similar between products that are in the same stage of their life cycle. Its use as a concept in forecasting, pricing, advertising, product planning, and other aspects of marketing management can make it a valuable concepts, although considerable amount of judgement must be used in this application".

2.8 THE CONCEPT OF RE-ENGINEERING

The concept of reengineering initiates from the basis need to change. The need for change is either prompted by internal factor or external factors. Major factors for this need are the increasing global competition, radical technical innovation, limited resources and major shifts in attitudes.

The organisation has to correspondingly respond based on these factors to ensure productivity and efficiency excellence, which is a must to remain in the scene. What made us successful yesterdays, is not working today, will not work in future. No styles of functioning can be considered ultimate in terms of productivity and efficiency for a long period of time. With the changing technologies, methods and techniques, the operational processes need important change.

Confusion can also arise on whether to use 'reengineering' as the generic term which applies to all reengineering activities or to use the more specific term 'business process reengineering' (BPR). Because most references on the subject are from a business background, the term BPR is frequently used as the generic.

There are many different spins on the Process Reengineering definition. Although each definition is slightly different, all have the same overarching theme. The radical redesign of business processes to achieve dramatic improvements in productivity and performance. The two key words are radical and dramatic. **Radical** redesign **Dramatic** improvement means a quantum leap in performance (Hammer 1993). Both of theses ideas are in direct conflict with the old thinking of "constant incremental improvement".

The original industrial mode, that many companies still use today, rests on the basic principle that workers have fewer, non-complex tasks, which are completed within a large process line. This allows workers to focus on single tasks that are connected to a more complex process. To reap the benefit from this approach, companies have to accept inconveniences, inefficiencies and higher costs (Hammer, 1993).

A few words on what Process Reengineering is not. It is not reorganizing, restricting, downsizing, automation or cost cutting. All of these things may be a result of a well though out, well planned and well-executed reengineering project. However, the individual goals listed should not be the sole reason for a company to choose to do a process reengineering effort (Carr and Johansson, 1995).

According to (Lori Fry, 2004), described her top three success factors in a process-reengineering project. First, it's imperative to have executive management support. Second, it important to have willing participation of all associates involved in the redesign. The associates involved in the change must see value in the need for change and buy into the project. The project team must be able to discern what processes are valued-add and customer-focused and which are not. It is easy to get side tracked on processes that do not serve the customer at the end of the day.

She also suggested to check out a word she felt is important to any process reengineering project. That word is Gemba, which means 'actual place' in Japanese. The Gemba is where the value is created. Value is created when people, information, materials equipment, and processes come together to serve the customer (Gemba Research, 2003). In a process reengineering effort, is important to figure out what process support the Gemba and what processes do not. The process that support the Gemba should be at the forefront of any reengineering project.

The concept of reengineering traces its origins back to management theories developed as early as the nineteenth century. The purpose of reengineering is to "make all your processes the best-in-class". Frederick Taylor suggested in the 1880's that managers could discover the best processes for performing work and reengineer them to optimize productivity. BPR echoes the classical belief that there is one best way to conduct tasks. In Taylor's time, technology

did not allow large companies to design processes in a cross-functional or cross-department manner. Specialization was the state –of-the-art method to improve efficiency given the technology of the time.

In the early 1990;s Henri Fayol originated the concept of reengineering: “To conduct the undertaking toward it’s objectives by seeking to derive optimum advantage from all available resources”. Although the technological resources of our era have changed, the concept still holds. About the same time, another business engineer, Lyndall Urwick stated “It is not enough to hold people accountable for certain activities, it is also essential to delegate to them the necessary authority to discharge that responsibility”. The admonition foreshadows the idea of worker empowerment, which is central to reengineering.

Although Hammer and Champy declare that classical organisation theory is obsolete, classical ideas such as division of labour have had an enduring power and applicability that reengineering has so far failed to demonstrate. BPR does not appear to qualify as a scientific theory, because, among other things, it is not duplicable and it has limited scope. The applicability of classical management theories, such as division of labour, were widely duplicable and portable. These ideas stimulated increases in productivity, output, and income that led to the creation of the middle class.

Cyert and March, among others, point out that conflict is often a driving force in organizational behaviour. BPR claims to stress teamwork, yet paradoxically, it must be “driven” by a leader who is prepared to be ruthless. One executive with BPR experience warns not to assume “you can simply issue directive from the center and expect it to happen”

According to Davenport, (1994 Page 24) “classical reengineering” repeats the same mistake as the classical approach to management by separating the design of work from its execution. Typically, a small reengineering team, often from outside the company, designs work for the many. The team is fueled by assumptions such as “There is one best way to organize work; I can easily understand how you do your work today; I can design your work better than you can; There is little about your work now that is worth saving; You will do your work way I specify”.

Davenport suggests that the engineering model/analogy that BPR is based upon is flawed, both in terms of process design and information technology. He proposes an “ethnographic” approach to process design and an “ ecological” approach to information systems.

The term reengineering originally described significant changes to basic business processes that yield 50-100 percent rates of improvement. That is, it creates step function changes in such major corporate metrics as sales per employee, cost to produce goods, cost to administer the company, cycle times, inventory turns, and the like.

A business process is the group of activities required to produce something for a customer. The product development process, for example, may be though of as starting with an idea and ultimately producing a working model to meet a customer need. Manufacturing is the process of taking raw materials and combining them to produce a product which is then shipped to the customer. In order management, a company takes in a customer order and ultimately receives money for the delivered product. When looked at from this perspective, any company, no matter how large, will be comprised of approximately eight to twelve core business processes. Each process is subdivided into smaller and smaller processes; la Frederick Taylor, the king of task decomposition. Due to the complex nature and interdependency of these

processes, companies often define a portion of a process as their target for reengineering, simply because taking on the whole is an immensely difficult undertaking.

Deloitte Touche Tonamatsu, (1998) defines reengineering as “A multi-disciplinary approach to implementing fundamental change in the way work is performed across the organisation to dramatically improve performance. The concept of re-engineering has arisen from two fundamental ideas. The first is that, for many organisation, incremental improvement is no longer an adequate response to the environmental pressures they face. Instead, they must achieve dramatic increases in their performance. The second idea is that the primary way to achieve the required improvement is to reorganize around rationally designed cross-functional, customer-value delivery process. The idea recognizes that significant gains will be achieved, not by increasing the speed or lowering labour cost of existing process flows, but instead by changing the process themselves. For example, by eliminating redundant activities, by replacing a sequential flow of activities with activities performed in parallel, or by integrating many separate process-related activities into restructured jobs, case teams or process-oriented submits. Dramatic change is necessary because customer demands it and the external environment require it. This is not to say that all parts of an organisation should seek dramatic performance improvement simultaneously. Such an outcome would in fact be extraordinarily risky, and is in any care unnecessary. It is important to differentiate between those problems that require dramatic solutions and those for which more traditional incremental improvement techniques are sufficient. Thus, within a single organisation a re-engineering effort is likely to have several dramatic change components and several components requiring only incremental change. Because of the effort acquired an the risk assumed, priority setting is critical for a successful reengineering program and the major effort should be focused on those process changes which promise either real customer benefit

or substantial strategic advantage (or both) Hammer one of the high priests of Business Process Reengineering calls the approach:

- ❖ Rethinking and redesigning business.
- ❖ Processes to bring about sharp improvements in performance.

It is managerial problem solving, driving approach which recommends methods and techniques for re-designing operational process so that they letter reflect core business, customer-oriented concern. Davenport calls BRP process innovation. He recommends viewing business not as functions, divisions or products, but as key process for which root and branch design using today's technology can result in resources savings and performance fairs. Klein and Managerelli in their book, "The Reengineering Handbook" defines it as the Rapid and radical redesign of strategic, value added business process and the systems, policies and organizational structures that support them to optimize work flows and productivity within an organisation. Johansson and Mchugh in their book "business Process Reengineering: breakpoint strategies for Market Dominance", defines it as "The means by which an organisation can achieve and quality, by the application of a variety of tools and techniques that focus on the business as a set of related customer-oriented core business process rather than a set of organizational functions.

Other definitions of Business process reengineering are:

i. A series of interrelated activities that cut across functional boundaries in the delivery of an output".
ii. A radial scrutiny, questioning, redefinition and redesign of business process with aim of eliminating all activities not central to the processing goals.

The term reengineering was originally applied to such sweeping changes as a new sales and delivery mechanism that increased sales by 60 percent, reducing the cycle time to process an order from 10 days to 10 minutes; or a new manufacturing facility that delivered 10 percent more products in 25 percent of the space using 50 percent of traditional employees. Hammer and Champy in Reengineering the Corporation describe it as fundamental, radical, dramatic business process change. Davenport used the term innovation in process Innovation to distinguish it from incremental improvements.

Symmetrix, one of the pioneers in business process redesign, believes strongly in reinventing only the critical business process. To make this 80/20 cut, it focuses on a deep understanding of the economic implications of the proposed changes. By so doing, it concentrates its efforts on the changes that will substantially improve the business.

2.9 THE HUNT FOR RE-ENGINEERING OPPORTUNITIES

Process, not organizations, are the object of re-engineering. Companies don't re-engineer their sales or manufacturing department; they re-engineer the work that the people in those departments do.

The confusion between organizational units and processes as objects of re-engineering arises because departments, divisions, and groups are familiar to people in business, while processes are not; organizational lines are visible, plainly drawn on organisation charts, and process are not; organizational units have names, and process most often do not.

Process are not something that we invented in order to write about them. Every company on earth consists of processes. Processes are what companies do. Processes in a company correspond to natural business

activities, but they are often fragmented and obscured by the organizational structures. Processes are invisible and unnamed because people think about the individual departments, not about the process with which all of them are involved. Processes also tend to be unmanaged that people are put in charge of the department or work units, but no one is given the responsibility for getting the whole job – the process -done.

2.10 EMBARKING ON REENGINEERING

As companies achieve success and failure in the process of reengineering, a number of stages have become clearly identified. Manageelli and Klein divided the process into six stages. The stages are:

- **Stage 1:** Preparation: what is the level of organizational commitment; what are the expectations; what are the project goals? Who should be on the team? What are the required skill sets? How will results be communicated to the organisation?

- **Stage 2:** Identification: What are the major business processes? What are the strategic processes? What are the business breakpoints? What process should be reengineering within 90 days. Within one year or thereafter?

- **Stage 3**: Vision: What are the sub processes, and activities and steps that make up the major business process? How do resources, information and work flow through each process; why do we do the things we do now? What are the underlying business and technology assumption? Are there ways to achieve business between business processes and key business partners (suppliers, customer etc)? How might these boundaries be refined to improve overall performance?

What are key benchmarking measures for measuring performance against best of breed? What are the specific improvement goals?

- **Stage 4**: Solution: Technical design: What are the required technical resources and technologies needed in the reengineering process?

- **Stage 5**: Solution: Social design: what are the require human resources? What immediate, near term and long-range opportunities exist? How will responsibilities change? What training programs will be required? Who is most likely to resist change? How can they be motivated to accept or participate in this change? What will the new organisation look like?

- **Stage 6**: Transformation: how and when should process be monitored? How should unanticipated problem be handled? How is the momentum for continuous change sustained?

2.11 SUCCEEDING AT REENGINEERING

Clearly, business process is an on-going process critical to an organisation's success in a competitive market place. According to Managenelli $ Klein, the following are the most common shortcomings of business process reengineering, and business organisation must avoid these failures to succeed in reengineering.

- **Failure Point 1:** Delegating the task of reengineering to an outside consulting firm. Usually this firm has a little or no track record in reengineering. The outside firm is a sort of "Cruch" relieving the organisation from the sometimes arduous but always rewarding task of empowering and involving their employees at the levels in the reengineering process.

- **Failure Pont 2:** On the other hand, involving the right outside consulting firm can be critical in breaking down organizational barriers and providing a fresh, presumably objective organizational assessment. The outside firm can also facilitate team building, which is critical to sustaining the reengineering process. All too many companies would say they know their problems, so why bring in an outside firm, But do they really know their problems? Have they developed a clear methodology to address their reengineering needs?

- **Failure Point 3:** Inability to identify key breakpoints in core business processes, Breakpoints are defined as the achievement of excellence in one or more value metrics where ensuring results is a disproportionate and sustained increased in the suppliers market share.

- **Failure Point 4:** Another common error is that most companies fail to commit resources, internal or external to the task. Their key executives are so busy "Putting out fire," they think they don't have time to address BRP planning needs

  In summary, common mistakes are:

  1) An unclear definition of just what is Business Process Reengineering.
  2) Unrealistic expectation.
  3) Inadequate resources
  4) Taking too long (BPR should produce tangible results within realistic time frames)
  5) Lack of sponsorship
  6) Wrong scope (either to narrow or too wide)
  7) Too great (or too little) enhance on new information technology and
  8) Lack of an effective methodology.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

In the chapter, we shall be looking at the various research methods used in this research and hence subsequently choose an appropriate one to be applied in achieving the objectives of this study as outlined in chapter one.

Methodology entails the different methods a researcher undertakes in collecting data this is used for a research work so as to ensure that appropriate decision are arrived at when due. This chapter presents the methods that will be used in data collection and analysis. In any research project, a special tool is essential in collecting and analyzing data essential in constructing the statement of the problems in clear and unambiguous terms, and also provides an efficient method of collecting and analyzing the information. All phases of the research procedure are coordinated towards the goals of choosing or reading an appropriate course of action or conclusion.

3.2 RESEARCH DESIGN

The study is a case study. This method enabled the researcher to investigate the problem in detail.

3.3 INSTRUMENT USED FOR DATA COLLECTION

A major part of any research project is the actual process by which evidence is gathered. As a result of the originality of the primary and secondary sources of data form the basis of which recommendations or suggestions on the research could be made, there are normally three basic methods that could be used, these include; Interview, Observation and the use of Questionnaires. For this project, the questionnaires method would be used and to be supplemented by the interview method.

(I) QUESTIONNAIRES

The questionnaire was designed in order to find answers to problems and sub-problems and consequently resolve them. After the questionnaire was designed it was presented in a pilot survey to a sample of fifty (50) respondents randomly selected in the study area. This led to some changes in the wording the questions and the order in which they were asked so as to minimize response bias.

The questionnaire consists of structured and unstructured questions. The structured questions including those requiring yes/no (dichotomous) and multiple-choice answers. This has the virtue of eliciting precise response from the respondent and facilitating eases of analysis.

Probably no other data collection tool is used more frequently in social research than the questionnaires. Grimm, (1990: page 235) said questionnaires are booklets of structured and standardized, precoded, and sometimes open ended question that are read by respondents who record their own answers as we have seen above many means of data collection are employed to elicit information from the target of social enquiry, namely, social group. But the questionnaire used alone or in conjunction with other data collection method, must be considered not popular.

Questionnaire may be classified according to several dimensions for instance:

i) Fixed response questionnaire
ii) Open-end questionnaires, and
iii) A combination of fixed response and open-end questionnaires.

Fixed-response questionnaire consist of items (statement of questions) with a fixed number of choice. The respondent is asked to check the response that best fit him.

Open-end questionnaires are characterized by a question that requires short or lengthy replies by respondents. Rather than anticipate particular response from the target sample, the investigator simply provides several pages of open-end question requesting respondents to elaborate on their opinion and attitude about things in varying details.

Questionnaire, which comprised of both the fixed response and open-end questions are made up of items with both fixed and open-end response. The researcher will include various measuring instruments (sets of statement with fixed responses) in the questionnaire as well as items with fixed alternatives, but including as “other” category.

(II) INTERVIEW

The interview method of data collection is the most sociological of all research techniques because its very form is derived from verbal interaction between the investigator and the respondent for the purpose of eliciting information. Although interview generally gets better cooperation and fuller answers than the questionnaires they have a disadvantage of greater expenses in both money and time. If the sample is selected from towns and village over a large areas, transportation will greatly increase the time and money need.

3.4 RESEARCH POPULATION AND SAMPLE SIZE

Usually in conducting a research of this nature sampling is inevitable in the light of the many constraints that abound. Sampling is the process of examining a representative number of items (people or things) out of the whole population or universe. The purpose is to gain an understanding about some feature or attribute of the whole population, based on the characteristics of the sample. A population on the other hand is all the cases or individuals that fit a specification.

The research population for this study comprises the management/senior staff and customers/users of Peugeot Automobile Nigeria Limited (Pan Ltd,) Kaduna roughly estimated to be two hundred (200) people.

A sample size of fifty (50) people is adequate for that population according to the sample size determination tables by Krejcie (1970 Pg.69). Therefore twenty (20) respondent represent the management while thirty (30) people were considered for the study as customers of PAN Ltd.

3.5 STATISTICAL TECHNIQUES USED IN ANALYSIS

In analyzing the data collected, the researcher used percentage rating and average method. Response to all questions are converted to percentage and tabulated for easier and accurate analysis.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF DATA

4.1 Introduction

The preceeding chapter explained in brief methods used by the author to gather data for this study.

This chapter is an attempt to present and analyse data collected from the fieldwork. The instruments used for data collection include; questionnaire, personal interview, and documentary sources. The format that follows in this chapter take the sequence of presenting the response from the interview conducted with some management staff, marketing consultant and Peugeot Automobile customers/users. The questionnaires were equally tailored towards the just aforementioned type of people, and finally the data from secondary sources.

It is essential and important that the opinion of the respondents if this research work be presented, analyzed and interpreted as by using percentage techniques which has already been mentioned in chapter three.

It should be noted that fifty five (55) questionnaires were administrated but only fifty (50) of them were returned. The analysis of the author will be based on the fifty returned questionnaires. Twenty (20) out of twenty-two (22) of the management questionnaires were returned. Likewise, thirty (30) out of thirty-three (33) of the customer questionnaire were returned.

4.2 MANAGEMENT QUESTIONNAIRE (A)

QUESTION 1 (SECTION 1)

TABLE 4.2.1 A classification of simple respondents by sex:

OPTIONS	RESPONDENTS	PERCENTAGE (%)
MALE	18	90
FEMALE	2	10
TOTAL	**20**	**100**

TABLE 4.2.1 represent the distribution of sample respondent by sex. It indicates that 18 (90%) of the respondents are males while (10%) are females. This means that more males responded to the questionnaire administered than female.

QUESTION 2.

TABLE 4.2.2. Distribution of PAN respondents by age:

OPTION	RESPONDENTS	PERCENTAGE (%)
25-40 Years	13	65
41-50 Years	7	35
51 Years and above	-	-
TOTAL	**20**	**100**

It can be clearly observed from table 4.2.2 that respondents' age distribution between 25 to 40 years had a frequency of 13 (65%). Those between 41-50 years had a frequency of 7 (35%) and there were no respondents between 51 years and above.

QUESTION 3.

TABLE 4.2.3 Marital status of respondents:

OPTION	RESPONDENTS	PERCENTAGE (%)
Married	20	100
Single	-	-
TOTAL	**20**	**100**

The table above shows that all the respondents among the management staff of PAN LTD. Who were administered the questionnaire are all married.

QUESTION 4.

TABLE 4.2.4 Working experiences of the sample respondents:

OPTION	RESPONDENTS	PERCENTAGE (%)
5-10 years	15	75
11-20 years	4	20
21-Years and above	1	5
TOTAL	**20**	**100**

Table 4.2.4 above shows that working experiences of the management staff who responded to the designed questionnaire for this study. Those with 5-10 years working experience were 15 (75%), 11 – 20 years were 4 (20%) while 21 years and above have 1 (5%). This means that those with 5 – 10 years working experience responded more than the other categories. It also means that all the respondents had a minimum of 5 years working experience. It is believed that any body who has served in a particular management position for at least 5 years would have the required knowledge and experience to respond objectively to the questionnaires administered.

QUESTION 5.

Table 4.2.5 Educational qualification of the sample respondents.

OPTION	RESPONDENT	PERCENTAGE %
O/A Level	-	-
NCE/ND	-	-
BSC/HND	4	20
Higher degree	14	70
Professional	2	10
Qualification	-	-
TOTAL	**20**	**100**

Table 4.2.5 above shows the educational background of the respondents. It indicate that all the respondents had a minimum qualification of B.Sc/HND which justifies their positions as management staff. Those with lower qualification such as GCE O/A and NCE/ND are mainly found among the lower cadre.

QUESTION 6.

Table 4.2.6 Respondents by positions held.

OPTION	RESPONDENTS	PERCENTAGE (%)
Top management Staff	-	0
Management Staff	8	40
Middle Management	12	60
TOTAL	**20**	**100**

It is evident from the table that middle and management were the ones that responded to the questionnaire administered. It shows that 8 (40%) of the total respondents were management staff while 12 (60%) were middle level management staff of PAN Ltd.

QUESTION 7: Does our company considers the concept of Product Life Cycle reengineering in its marketing activities?

OPTION	RESPONDENTS	PERCENTAGE (%)
Yes	20	100
No	-	-
Indifferent	-	-
TOTAL	**20**	**100**

Table 4.2.7 represents the opinion of the management staff of PAN on whether it consider the concept of Product Life Cycle in its marketing activities. The analysis shows a unanimous (100%) affirmation that the product life cycle concept is relevant to PAN.

QUESTION 8: Which of these can be your conclusion on the concept of product life cycle reengineering in PAN.

Table 4.2.8

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Practical concept	20	100
Theoretical assumptions only	-	-
TOTAL	**20**	**100**

It can be deducted from table 4.2.8 above all the respondents (100%) views product life cycle reengineering concept as practicable in PAN rather than more theoretical assumption.

QUESTION 9: Which of the following stages do PAN products normally pass through?

TABLE 4.2.9

OPTIONS	RESPONDENTS	PERCENTAGE (%)
• Introduction growth- maturity decline	18	90
• Introduction-maturity-decline	2	10
• Introduction – decline	-	-
• Other specify	-	-
TOTAL	**20**	**100**

Table 4.9 A shows the responses of the management staff of PAN of PAN to stages through which PAN products often pass. 18 (90%) who seemed to understand the process the products pass through introduction – Growth – Maturity and Decline stages while only 2 (10) simply sees the product passing through three stages i.e introduction – Maturity and finally decline.

QUESTION 10: In what stages of the product life cycle do PAN products often spend much time?

Table 4.2.10

OPTION	RESPONDENTS	PERCENTAGE (%)
Introduction	3	15
Growth	9	45
Maturity	8	40
Decline	-	-
TOTAL	**20**	**100**

Table 4.2.10 represents the opinions of management of PAN on the stages of product life cycle of PAN products that lasts longer 3 (15%) observed Peugeot cars to spend more time at introductory stages, 9 (45%) believed the cars spend much more time at growth stage while 8 (40%) said maturity stage. The respondents unanimously disagreed on the decline stage as well.

QUESTION 11: Does this stage of the product life at which your product is in has any significance in terms of sales?

Table 4.2.11

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Yes	19	95
No	1	5
Indifference	-	-
TOTAL	**20**	**100**

The table above shows the responses to the question above. It clearly shows that 19 (95%) of the respondents said yes, indicating that the stages(s) where the product is has significance in terms of sales returns. While 1 (5%) said no.

QUESTION 12: At what stage of PAN's product life cycle do you usually achieve more sales?

Table 4.2.12

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Introduction	-	-
Growth	18	90
Maturity	2	10
TOTAL	**20**	**100**

It is evident from the analysis in table 4.2.12 above that 18 (90%) of the total management staff who responded to the questionnaire indicated that more sales made are at the growth stage while 2 (10%) believe more sales are recorded at maturity stage.

QUESTION 13: Do you often design appropriate marketing strategies to cope with challenges faced in any of the stages of your product life cycle?

Table 4.2.13

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Yes	20	100
No	-	-
Indifference	-	-
TOTAL	**20**	**100**

Table 4.2.13 shows a unanimous response of management respondents indicating that the organization designs appropriate and varied strategies to cope with marketing challenges faced during any of the stages of their product life cycle.

QUESTION 14: How do you assess the effectiveness of marketing strategies in respect of your product life cycle?

Table 4.2.14

ASSESSMENT OF MARKETING STRATEGIES OF PAN LTD

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Highly effective	16	80
Fairly effective	4	20
Highly ineffective	-	-
TOTAL	**20**	**100**

The above table represent the assessment of the effectiveness of marketing strategies of PAN Ltd. 16 (80%) of the respondents views the strategies as highly effective while 4 (20%) said it is fairly effective.

QUESTION 15: Who constitutes the targets market for Pan's product?

Table 4.2.15

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Individuals	01	05
Govt. organisation	17	85
Others (Specify)	02	10
TOTAL	**20**	**100**

The analysis above shows the target market for PAN's products. This includes individuals (5%), Government organisation (85%) and private or corporate business organisations (10%).

QUESTION 16: Do you occasionally monitor trends at different stages of your product life cycle?

Table 4.2.16

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Yes	20	100
No	-	-
Indifference	-	-
TOTAL	**20**	**100**

Table 4.2 16 above represents views of respondents on how they monitor trends at different stages of the product life cycle. 20 (100%) agreed that the management monitors trends at different stages of the product occasionally.

QUESTION 17: What has been the trend of Sales/profit at the following stages?

Table 4.2.17 (introductory stage)

OPTIONS	RESPONDENTS	PERCENTAGE (%)
High sales/profit	-	-
Moderate sales/profit	16	80
Low sales/profit	04	20
TOTAL	**20**	**100**

Based on the analysis above, it can be clearly interpreted that sixteen (16) respondents representing 80% confirmed that at introductory stage, there is moderate sales/profit result while four (4) respondents representing 20% were of the opinion that at that stage, the company recorded less sales/profit.

Table 4.2.17 (Growth Stage)

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Very high sales/profit	02	10
Moderate sales/profit	18	90
Low sales/profit	-	-
TOTAL	**20**	**100**

Based on the above analysis, it can be clearly interpreted that eighteen (18) respondents representing 90% confirmed that at Growth stage there is moderate sales/profit result while two (2) respondents representing 10% were of the opinion that the company recorded very high sales/profit.

Table 4.2.17 (Maturity stage)

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Very high sales/profit	08	40
Moderate sales/profit	12	60
Low sales/profit	-	-
TOTAL	**20**	**100**

Based on the above analysis, it can be clearly interpreted that 12 respondents representing 60% confirmed that at maturity stage there is moderate sales/profit while 8 respondents (40%) were of the opinion that the company recorded very high sales/profit. None recorded low sales.

QUESTION 18: Do competitive activities in the automobile industry generally have any influence on your product life cycle?

Table 4.2.18

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Yes	20	100
No	-	-
Indifference	-	-
TOTAL	**20**	**100**

The table above shows that all the respondents 20 (i.e 100%) agreed that competitive activities in automobile industry have significant influence on the PAN product life cycle.

QUESTION 19 Which of the following constitutes the major impact of competition on your organisation?

Table 4.2.19

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Reduction in sales	18	90
No effect	02	10
Others (Specify)	-	-
TOTAL	**20**	**100**

The above analysis represents the opinion of respondents on the impact of competition on the activities of PAN Ltd. It shows that 18 respondents i.e 90% said the major impact is reduction in sales while only 2 (10%) views the competitive environment as one with no effect on PAN's marketing activities.

QUESTION 20 How do you arrive at new product ideas in PAN? Through:

Table 4.2.20

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Salesmen	02	10
Competitor's products	02	10
Research findings	04	20
Employees	02	10
All of the above	10	50
TOTAL	**20**	**100**

Table 4.2.20 above indicates the source of new product development in PAN. Each of the alternatives in the question is relevant in varying degrees according to responses to the questionnaire. It shows that salesmen, competitor's products, research findings, and employees ideas and all of the above rated 10%, 20%, 10% and 50% respectively.

QUESTION 21 What problems (if any) do you encounter in new product development efforts?

Table 4.2.21

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Generating acceptable ideas	12	60
Technical complexity	06	30
Cost of research	02	10
Any other (please specify)	-	-
All of the above	10	50
TOTAL	**20**	**100**

The table above shows clearly the problems often encountered by PAN in generating new product development efforts. According to the respondents (12 i.e 60%) of the total stated that generating acceptable idea is the most serious difficulty while 6 respondents i.e 30% said the problems lies in technical complexity and 2 respondents (10%) said the problem is mainly the cost of undertaking research.

QUESTION 22 Does your organisation believe in increased sales through promotional activities?

Table 4.2.22

OPTIONS	**RESPONDENTS**	**PERCENTAGE (%)**
Yes	20	100
No	-	-
Indifference	-	-
TOTAL	**20**	**100**

Table 4.2.22 shows a unanimous agreement to the question by the respondents (100%) that there is a relationship between sales promotion activities of the company with increase in sales volumes.

QUESTION 23 Which of the following promotional tools do you think has the greatest impact?

Table 4.2.23

OPTIONS	**RESPONDENTS**	**PERCENTAGE (%)**
Advertising	04	20
Sales promotion	-	-
Publicity	01	05
Personal selling	-	-
All of the above	15	75
TOTAL	**20**	**100**

It is evident from the above table that all the various promotional tools presented in the question, advertising, sales promotion, publicity and personal selling are all important and relevant to the marketing activities of PAN Ltd.

QUESTION 24 Which of the above promotional tools does PAN consider most effective,

Table 4.2.24

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Advertising	16	80
Publicity	02	10
Sales promotion	02	10
Personal selling	-	-
TOTAL	**20**	**100**

The table above represent the views of respondents on the most effective promotional tools used by PAN in its marketing activities. Accordingly, advertising has been rated by 80% of the respondents as the most effective while publicity and sales promotion were valued only by 20% by the respondent respectively.

4.3 CUSTOMER QUESTIONNAIRE (SECTION B).

QUESTION 1 Simple respondents of customers by sex:

Table 4.3.1

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Male	23	77
Female	07	23
TOTAL	**30**	**100**

Table 4.1B shows the distribution of sample respondents among the customers of PAN by sex. 23 respondents out of 30 representing 77% are males while 7 respondents i.e 23% are female. This shows that more males responded to the questionnaire than females.

QUESTION 2 Age of sample customers:

Table 4.3.2

OPTIONS	RESPONDENTS	PERCENTAGE (%)
25-40 years	09	30
41-50 years	15	50
51 years and above	06	20
TOTAL	**30**	**100**

The analysis presented above shows the age grouping of sample respondents. 9 respondents out of 30 i.e 30% fall within the age of 25-40 years, 15 (i.e 50%) between the ages 41- 50 years and 6 respondents (20%) were 51 years and above.

QUESTION 3 Respondents by marital status

Table 4.3.3

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Married	24	80
Single	06	20
TOTAL	**30**	**100**

Table 4.3.3 represents the classification of customers of PAN Ltd. who responded to the questionnaire by marital status. 24 respondents i.e 80% of the total were married while 6 (20%) were single.

QUESTION 4 Occupational distribution of respondents:

Table 4.3.4

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Business man	04	13
Civil/public servant	20	67
Farmer	-	-
Engineer	06	20
Lawyer	-	-
Any other (specify)	-	-
TOTAL	**30**	**100**

According to table 4.3.3 respondents out of 30 (13%) are businessmen by occupation, 20 (67%) are civil servant while 6 (20%) are engineering by profession.

QUESTION 5 How long have you been using Peugeot cars?

OPTION	RESPONDENTS	PERCENTAGE (%)
1-5 years	03	10
6-10 years	06	20
11-20 years	15	50
20 years & above	06	20
TOTAL	**30**	**100**

Table 4.3.5 indicates the customer's years of using Peugeot cars. It shows that 3 respondents out of thirty (30) had used the car for the period of 1-5 years, 6 respondents (20%) used the car for between 6-10 years, 15 (50%) have been using Peugeot for between 11-20 years and 6 people (20%) of the total respondents have been using the car in the last 20 years.

QUESTION 6 Which of the following old models have you used in the past?

Table 4.3.6

OPTIONS	RESPONDENTS	PERCENTAGE (%)
404	01	03
304	-	-
504	29	97
State any other	-	-
TOTAL	**30**	**100**

The analysis above shows that 29 respondents i.e 97% had Peugeot 504 old models while only one (1) respondents had the old model Peugeot 404.

QUESTION 7: Did you buy your Peugeot car a brand new one from the factory or dealer?

Table 4.3.7

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Yes	20	67
No	10	33
Indifference	……	….
TOTAL	**30**	**100**

The table above shows that 67% of the respondents bought the cars they are currently using as brand new while 38% bought theirs as fairly used.

QUESTION 8. if "yes" at what stage did you find Peugeot cars difficult to maintain?

Table 4.3.8

OPTIONS	RESPONDENTS	PERCENTAGE (%)
When new	……..	….
After a year of purchase	…….	…
Subsequent years	30	100
Not at all	…….	…
TOTAL	**30**	**100**

It was evident from analysis above that all the respondents (30) indicate that they found Peugeot cars difficult to maintain in subsequent years.

QUESTION 9. Which of the following words best describes the car at the time of purchase?

Table 4.3.9

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Vogue (popular style)	28	94
Old fashioned	02	06
TOTAL	**30**	**100**

Table 4.3.9 Above shows the factors that led to the purchase of Peugeot. 94% of the sample customer bought the car because it was the popular style (vogue) while 6% saw the car as an old fashion model.

QUESTION 10: Which of the following Peugeot cars would you prefer most?

Table 4.3.10

OPTIONS	RESPONDENTS	PERCENTAGE (%)
504	07	24
306	05	16
406	06	20
607	12	40
Other specify	……	……..
TOTAL	**30**	**100**

The analysis carried out above show that the model of cars preferred by customers of PAN. 24% of the sample respondents prefer 504 model, 16% opted for 306 model, 20% choose 406 model and 40% would prefer 607 model.

Question 11: Indicate your reaction(s) for the choice above.

Table 4.3.11

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Durability	-	-
	-	-
Conformability	-	-
Style (vogue)	-	-
Reliability	-	-
All of the above	30	100
Please if any indicate	-	-
TOTAL	**30**	**100**

Table 4.3.11 represent the qualities preferred by sample respondents that is durability, comfortability, style (vogue) and reliability.

QUESTION 12 Which of the following best shows your rating of Peugeot cars to other competing car brand e.g Toyota, Honda, Mercedes Benz, e.t.c

Table 4.3.12

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Very good	14	47
Good	16	53
Fairly good	-	-
Low quality	-	-
TOTAL	**30**	**100**

The table above indicate the consumer's rating of Peugeot cars. 14 respondents out of 30 (47%) regards the cars as very good, while 16 (53%) rated the cars as good.

QUESTION 13 On what basis do you prefer other cars to Peugeot?

Table 4.3.13 Basis of Consumer preference of Peugeot.

OPTIONS	RESPONDENTS	PERCENTAGE (%)
Lower price	23	77
High price	-	-
Qualitative	04	13
Comfortability	03	10
Style (vogue)	-	-
Specify if others	-	-
TOTAL	**30**	**100**

It can be seen clearly on table 4.3.13, above that 23 out of 30 sample respondents of PAN customer representing 77% of the total prefer other cars to Peugeot because of the lower prices of other cars. Other (13%) say other cars are more qualitative in terms of fuel economy and 19% were influence by comfortability.

4.4 DISCUSSION OF RESULT

This chapter is concerned with the discussions of the result of data analysis carried out in chapter four. The aim of the discussion is to place the current study in proper perspective and in relation to similar study carried out by other researchers to establish the level of consistency or other wise of the findings of this study with the existing knowledge.

The hypothesis formulated earlier would also be tested and proven to determine its acceptance or rejection accordingly.

The analysis on table 4.4A showed the working experiences of the sample management of the company. The staff has minimum of 5-10 years working experience with the organisation. It is believed that an organisation whose management staff has at least held management position for at least five years would have the required experience to run the organisation successfully. This is particularly so since in addition to the working experience the management staff have the minimum qualifications of B.Sc/HND in relevant discipline in social and management sciences.

With reference to question 7 on the view of the management staff of the company on the application of product, life cycle concept in automobile industry, all the respondents (100%) viewed the concept as practicable rather than a theoretical assumption. This is in line with the views of McCarthy (1990 Pg. 250-252) who explained what happens in practical situation at each of the stages of the product life cycle. According to him,

sales are usually low at introductory stage as the product is introduced into the market for the first time. Customers are not looking for the product; they don't even know about it. This justifies the analysis on table 4.12A, which indicated a very significant sale for PAN's products. The growth stage shows a steady and continuous rise of sales and profit. As rightly pointed out by Burskirk (1979 pg. 174), the growth stage is characterized by market acceptance as both sales and profit rise, frequently at a rapid rate depending on the interest of the market on the product. Table 4.12A also shows that 90% of the management staff of PAN Ltd. Kaduna contended that the company achieves more sales at the growth stage of product life cycle. In addition, the sample respondents unanimously agree that the company often designs appropriate marketing strategies to cope with challenges in stages of the product life cycle. This supports the views of Kotler (1990 pg. 359) who noted for instance that at the growth stage, the firm uses several strategies to sustain market growth as long as possible pointing out that the firm needs to improve the quality of their product and add new product features and improve styling; the firm should enter new market segment etc.

As regards the assessment of the effectiveness of marketing strategies of the company, table 4.14A indicated that 80% of the sample respondents said the strategies are highly effective while 20% said it is fairly effective. However, this finding is somewhat insignificant when viewed from the perspective that 85% of buyers of Peugeot are governmental organisations as indicated in table 4.15A of the exorbitant prices of the cars. Thus, the assessment of the effectiveness of marketing strategies in terms of sales generation would have been established fully suppose the prices are affordable to individual consumers and even in the face of competition.

However, one reason advanced by Kotler (1999 pg. 517) to justify price increase is that a successful increase in price can increase profits considerably. This is particularly relevant as the company operates below capacity and so it cannot supply all of its customers, it can raise its prices, ratio supplies to customers, or both. Tables 4.17A, shows the sales trend/profits of cars in different stages of their life cycle. At the introductory stage for instance the respondents among the management indicated moderate or low sales/profits. Kotler (1983 pg. 355) supports these findings when the noted that profits are negative or low because of the low sales and heavy distribution expenses. Promotion expenditures are at their highest ratio to sales because of the need for high level of promotional efforts to form or get potential consumers of the new unknown products; to induce trial of the product.

In addition, it was also found sale/profit grew steadily as 90% of the management staff indicated in table 4.17A (ii). This is in line with Burskirk (1979 pg. 173) who noted that the growth stage is characterized by market acceptances as both sales and profits rise.

Similarly, table 4.17A (iii) indicated what happens at the maturity stage of the PAN cars. 40% of the management staff believe that a very high sales/profits are recorded while 60% regard the sales/profit to e moderate. Stanton (1981 pg. 29) noted that profits for both the manufacturer and the dealer decline as a result of rising costs of promotion and fall in sales. He further noted that the major objective of the company at this stage is to maintain and strengthen market position and build loyalty among consumers and middlemen.

On the question of whether competitive activities of automobile industry has any impact of influence on the product life cycle of PAN cars table 4.18A indicated a 100% responses in support of the statement, Kotler (1999 pg. 350) noted that competitive environment will attract new

competitor because of profit. The increase in number of competitors leads to an increase in the number of distribution outlets. The competitive activity becomes most felt at the maturity stage. Some weaker competitors start to drop out such that the industry eventually consist of a set of well established or rooted competitors whose basic orientation is toward gaining competitive advantage.

In addition, the research also found in table 4.20A the numerous sources of new product ideas in PAN. These include ideas from sales persons, on the basis of competitor's products, ideas from the employees and research findings. Kotler (1990 pg. 413) noted that the generation of new product idea should be continuous process, which may involve different groups. The sources of new product are many and varied. They include salesmen findings, consumers may write to companies suggesting new products, research organisations, and research and development department.

As regards the promotional activities of PAN Ltd, Kaduna the majority of sample respondents in table 4.22A believe that increase in sales are made easier through those activities. However, the analysis carried out in table 4.23A shows that all the promotional tools employed by PAN, such as, advertising, sales promotion, publicity and personal selling have significantly increased the sales performance of the company. It was also found out that advertising has been rated by 80% of the sample respondents in table 4.24A as the most effective promotional tool in PAN Ltd., Kaduna. This is in line with the views of Jain (1981 pg. 379) who noted that advertising increase sales by encouraging potential user to visit the company or its dealers.

The analysis of customer questionnaire also provided interesting and useful information for this study. For instance, the occupational distribution of customers who have Peugeot cars and responded to the servants while 4 (13%) are businessmen and 6 (20%) are engineers by

profession. It was also discovered that 70% of the sample size had been questionnaire showed that 20% respondents out of 30 i.e 67% are public using Peugeots for between 11-20 years and above. This means that the durability and other salient features of the car must be responsible for the loyalty. More so, of all those who responded to the questionnaire 20 out of 30 (67%) bought the car as new from the factory/dealer while 10 (30%) bought as fairy used cars.

Although all the 30 respondents (100%) noted in table 4.8B that the cars were found difficult to maintain in the subsequent years due perhaps to high cost of spare parts and high fuel consumption as show in table 4.8B. In addition, the survey found that most consumers who responded to the questionnaire (40%) opt for the latest model 607, while 20% more chose 406 model and 24% prefer 504 models and only 16% chose 306. All the respondents unanimously gave the following factors as the reason for their choice. This includes comfortability, vogue, durability and reliability. Despite these qualities most consumers who responded to the questionnaire indicated in table 4.13B that they could prefer other cars to Peugeot because of moderate or lower prices. This shows that the management of PAN must do something urgently or else the company will find it difficult to maintain its market share. Stanton (1983 pg. 164-165) observed that the watchword for management must often be “innovate or Die”.

4.5 PROOF OF HYPOTHESIS

Hypothesis proof, which is to be carried out now, will be an extract of the research finding from chapter four. For the proof of the hypothesis, some selected numbers of management questionnaires were used which gave the indication that sales decline has a relationship with product life cycle (PLC) re-engineering.

In proving this hypothesis, Chi-square (X^2) is used and the related tables in chapter four (4) have been used. Criteria for decision is at 5% significant level and six (6) degrees of freedom (7-1) (2-1). We will accept the Null Hypothesis (HO) if Chi-square (X^2) computed is less that Chi-square (X^2) tabulated (12.59) and reject the Alternate hypothesis (HI). But if the Chi-square (X^2) computed is greater than Chi-square tabulated (12.59), we will accept the Alternate Hypothesis (HI) and reject the Null Hypothesis(HO).

Null Hypothesis (HO): that sales decline has no relationships with product life Cycle (PLC) reengineering . Alternate Hypothesis (HI): that sales decline has a relationship with product life cycle (Plc) re-engineering (PLC).

$$X^2 = \left[\frac{0i - Ei}{Ei} \right]$$

Degrees of freedom = (r-1) (c-1)

= (7-I) (2-I)

= 6

Where Oi = observed frequency

Ei = expected frequency

Observed frequencies (Oi)

QUESTION	FAVOURABLE	UNFAVOURABLE	TOTAL (RESPONDENTS)
11	19	1	20
12	18	2	20
16	20	-	20
17A (i)	16	4	20
17A (ii)	18	2	20
17A(iii)	12	8	20
20	20	--	20
TOTAL	**123**	**`7**	**160**

Expected frequencies (Ei)

Question	Favourable	Unfavourable
11	20 x 123 = 15.4 160	20 x 17 = 2.1 160
12	20 x 123 = 15.4 160	20 x 17 = 2.1 160
16	20 x 123 = 15.4 160	20 x 17 = 2.1 160
17A(i)	20 x 123 = 15.4 160	20 x 17 = 2.1 160
17A (ii)	20 x 123 = 15.4 160	20 x 17 = 2.1 160
17A (iii)	20 x 123 = 15.4 160	20 x 17 = 2.1 160
20	20 x 123 = 15.4 160	20 x 17 = 2.1 160

Therefore:

$$\frac{(19-15.4)^2}{15.4} + \frac{(1-2.1)^2}{2.1} + \frac{(18-15.4)^2}{15.4} + \frac{(2-2.1)^2}{2.1}$$

$$\frac{(20-15.4)^2}{15.4} + \frac{(0-2.1)^2}{2.1} + \frac{(16-15.4)^2}{15.4} + \frac{(4-2.1)^2}{2.1}$$

$$\frac{(18-15.4)^2}{15.4} + \frac{(2-2.1)^2}{2.1} + \frac{(12-15.4)^2}{15.4} + \frac{(8-2.1)^2}{2.1}$$

$$\frac{(20-15.4)^2}{15.4} + \frac{(0-2.1)^2}{2.1}$$

X^2 = 0.84 + 0.576 + 0.439 + 0.004 + 1.374+0.476+0.023+1.719+0.439
+ 0.004 + 0.751 + 16.576 + 1.374 + 0

X^2 = 24.595

Decision Rule

Therefore:

Since X^2 (chi-square) computed (24.595) is greater than chi-square (X^2) tabulated (12,595) (i.e 24.595>12.59) we reject that Null Hypothesis (HO) and accept the Alternate Hypothesis (HI), that sales decline has a relationship with product life cycle (Plc) reengineering.

CHAPTER FIVE

5.1 SUMMARY, CONCLUSION AND RECOMMENDATIONS.

The main focus of this chapter is on the summary of major findings of the study of the application of Product Life Cycle reengineering theory in the Automobile Industry with reference to Peugeot Automobile Nigeria Limited. (PAN), Kaduna Based on the findings a logical conclusion as well as some recommendation will be presented in this chapter.

5.2 SUMMARY OF MAJOR FINDINGS

In the course of undertaking this study, a number of interesting findings emerged. These are summarized below.

1. The study discovered that product life cycle re-engineering concept is not a myth but a real and applicable theory in automobile industry, particularly in the Peugeot Automobile Nigeria (PAN) Ltd. Kaduna where the researcher discovered that from the inception of the company, most cars so far produced except the latest model in Nigeria undergo the stages of introduction, growth maturity and decline stages and appropriate marketing strategies were evolved by the management to meet with the changes or threats that characterize the products at a given of the product's marketing history.

2. It was also found out that the stage at which the product is at a given moment has a very significant relationship either positively or negatively with sales performance. For instance, it found that sales of cars by PAN are usually low at introductory stage as the product is introduced into the market for the first time while at the growth stage both sales and profit rise because the product is

almost fully accepted by the market. At the decline stage however, both sales and profits decline considerable.

3. The study also revealed that there is an intense competition in the marketing of automobile in Nigeria. Consequently, the competitive market has a serious negative impact on the sales of Peugeot cars in Nigeria. This is obvious judging from the continuous influx of “Tokunbo” or “Belgium” or fairly used cars to Nigerian market.

4. Finally, it was also found that currently governmental and corporate business organisations constitute 85 – 905 of the buyers of Peugeot cars in Nigeria mainly due to the exorbitant prices of PAN cars. Consequently, the company continues to lose millions of Naira by maintaining high prices of its products beyond the reach of many Nigerian in the middle and even high-income brackets.

5.3 CONCLUSION

Based on the findings above the researcher draw the conclusion that although the application of the Product Life Cycle re-engineering theory in Automobile Industry help the company to follow up the trend through out the marketing history of cars in Nigerian market, by identifying the inherent marketing challenges at any of the stages and adopting appropriate and workable marketing strategies to deal with the challenges, this is very much inadequate due to a number of factors.

First and foremost, the influx of imported fairly used cars in different designs and models and at competitively lower prices is a serious threat to the survival of PAN if not in the short-run but in the long run. Secondly, this competitive environment shortens the life cycle of the a product. This is because the advancement in Technology in the world makes it increasingly easier and faster for change of car models and consumer tastes. The latest model car in Europe or the USA may be seen within a few months or year in Africa or Nigeria market as Belgium or fairly used cars and are comparatively better in terms of cost and maintenance than Peugeots.

Thus, the so-called current or latest model may become obsolete sooner than latter. Consequently, the researcher can safely assert that except the management of PAN Ltd, Kaduna understand the current global development in Automobile production and marketing and its implications to the company presently and in the future and evolve new orientation designed to bring its benefit to Nigerians, their future will certainly bleak by creating more opportunity for foreign manufacturers .

5.4 RECOMMENDATIONS

In the light of both the findings and conclusion draw above the research has the following recommendations.

1 The management of Peugeot Automobile Company should employ qualified marketing personnel in the marketing department to ensure the success of the company in evolving dynamic marketing strategies to boost the marketing performance of the company.

2. There is also the need for the company to undertake marketing research to identify occasionally the actual and potential needs of the customers.

3. The marketing department of the company should organize workshops and brain storming sessions occasionally for the executives of the company to have an insight into the concept of the product life cycle re-engineering as it relates to their product; and the characteristics of each of the stages in the cycle including the challenges and relevant marketing strategies to cope with those challenges.

4. In addition, the management should monitor the performance of their products through all the stages and to develop appropriate workable marketing strategies.

5. In general, the staff of the company should also revive formal training on the operation of the company's marketing strategy so that the attainment of the objectives of the organisation can be easier for both the management and staff.

6. The Federal Government should make it mandatory for the company to source it's raw materials locally.

7 The company should reciprocate such gestures if given by the government by reviewing their prices downward to make Peugeot cars affordable to Nigerians.

8. There is also the need for the company to design their cars to suit the hard economic situation in the country by providing more durable original parts and by introducing "fuel economy" and other technology for easy maintenance.

9. In addition to regular review of marketing policies and strategies, the company should try to expand its product range by diversifying into the production of other less costly product in order to meet the needs of middle and low-income customers.

10. The long-term cost of achieving customer satisfaction at the expense of employee satisfaction is inestimable. To run the company successfully, the staff of the organisation must be well framed, developed and motivated to realize their full potentials to the human resources base, which remains the most important element of the total management mix. Besides, the management philosophy must engender confidence in the employees and must give them the psychological boost, sense of belonging and willingness to perform bearing in mind that not business enterprise would attain goals without the commitment and motivation of its staff.

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Dear Sir/Madam,

I am a student of Masters in Business Administration (MBA), Ahmadu Bello University Zaria. I am currently undertaking research study on Assessing the effects of product Life Cycle reengineering as competitive strategy in the Automobile Industry" A case study of PAN Limited Kaduna. You have been chosen as one of the contributors in which this research study is to be conducted.

Kindly provide information or tick in the appropriate boxes provided in the questionnaire below. Bear in mind that all information received on the subject matter will be kept confidential and within the context of research report.

Thanks.

Yours faithfully,

Fola Adeyemi

SECTION A

BIO-DATA

1. Name ……(optional)
2. Sex (a) Male ( ) (b) Female ( )
3. Age (a) 20-24 Years ( ) (b) 40-50 Years ( ) (c) 51 years and above ( )
4. Marital Status (a) Married ( ) (b) Single ( )
5. Occupation: (a) Business ( ) (b) Civil / Public Servant ( )
   (c) Farmer ( ) (d) Engineer ( ) (e) Lawyer ( )
   (f) Any other please specify ……
6. Why do you like Peugeot cars?
   Please specify ……..
7. How long have been using Peugeot cars?
   (a) 1-5 years ( ) (b) 6-10 years ( ) (c) 11-20 years ( )
   (d) 20 years and above ( )
8. Which of the following old models have you in the parts?
   (a) 404 (b) 304 (c) 504L (d) 504SR
9. Indicate why you changed from the previous model and prefer the current model (please tick as appropriate).
   (a) High cost of spare parts (b) lack of fuel economy (c) Lack of modern/unique features (d) Desire (quest) to acquire a new model
   (e) Any other please specify …….
10. Did you buy your Peugeot car as a brand new one from the factory/dealer?
    (a) Yes ( ) (b) No ( ) (c) Indifference ( )

11. If “yes” at what stage do you find Peugeot cars difficult to maintain?

(a) At the time it was new (b) After a year of purchase

(c) Subsequent years (d) Not at all

12. Which of the following words best describe the car at the time of purchase?

(a) Vogue (popular) (b) Old Fashion

13. Which of the following Peugeot cars would you prefer most (tick as appropriate):

(a) 504GR (b) 306 (c) 406 (d) 607 (e) Any other please specify.

14. Indicate your main reason(s) for the choice above.

(a) Durability ( ) (b) Comfortability ( ) (c) Style (Vogue) ( )

(d) Reliability ( )

15. Which of the following best shows your rating of Peugeot cars to other competing car brands e.g Toyota, Honda, Mercedes Benz etc.

(A) Very good ( ) (b) Good ( ) (c) Fairly good ( )

(d) Low quality ( )

16. On what basis do you prefer other cars to Peugeot?

(a) Lower price ( ) (b) Higher price ( ) (c) Qualitative ( )

(d) Comfortability ( ) (e) Style ( ) Any other not mentioned please specify ……

17. Which of the product life cycle do you think your brand of Peugeot is in the moment?

(a) Introduction ( ) (b) Growth ( ) (c) Maturity ( )

(d) Decline ( )

18. How do you think manufacturers of the Peugeot cars can improve on the present quality or areas of set-backs (defects) for Peugeot car brands?

(a) Improvement on their door system (b) Reduce their high price

(c) Educate the consumer about Peugeot cars

(d) Any other suggestions ……

The Management Staff,

PAN Ltd.,
Kaduna.

Dear Sir/Madam

I am a student of Masters in Business Administration (MBA), Ahmadu Bello University Zaria. I am currently undertaking a research study on Assessing the Effects of product life Cycle reengineering as a competitive strategy in a Business organisation a case study of PAN LTD. Kaduna.

Your organisation has been chosen as one of the companies where the research study is to be conducted. This research study though an academic exercise is an opportunity for you to comment on your firm and reengineering activities as it affects product life cycle.

Kindly provide information, tick in the appropriate boxes provided in the questionnaire below. Bear in mind that all information received on the subject matter will be kept confidential and within the context of research report.

Yours faithfully,

Fola Adeyemi

QUESTIONNAIRE

SECTION A (BIO-DATA)

1. Name ……(optional)
2. Sex (a) Male ( ) (b) Female ( )
3. Age (a) 25 – 40 years ( ) (b) 41 – 50 years ( )
   (c) 51 years and above ( )
4. Marital Status (a) Married ( ) (b) Single ( )
5. Working experience (a) 5 – 10 years ( ) (b) 11 – 20 years ( )
   (c) 21 years and above ( )
6. Educational Qualification (a) O/A Level ( ) (b) NCE/ND ( )
   (c) BSC/HND ( ) Higher Degree ( ) (e)Professional Qualification ( )
7. Position held: (a) Top Management ( ) (b) Management staff ( )
   (c) Middle Management ( )

SECTION B

PRODUCT LIFE CYCLE REENGINEERING IN PAN

8. Does your organisation consider the concept of product life cycle reengineering in its marketing activities?
   (a) Yes ( ) (b) No ( ) (c) Indifferent ( )
9. Which of these can be your conclusion on the concept of product Life cycle reengineering in PAN?
   (a) A practical concept ( ) (b) A theoretical assumption only ( )
10. Which of the following stages do PAN production normally pass?
    (a) Introduction – growth – decline stages ( )

(b) Introduction – maturity – decline ( )

(c) Introduction – decline ( )

(d) Any other (please specify)

11. In what stages of the product life cycle do PAN product often spend much time?

(a) Introduction (B) Grown (c) Maturity (d) Decline

12. Does the stage of the product life cycle at which your product is in has any significance terms sales?

(a) Yes ( ) (b) No ( ) (c) Indifference ( )

13. At which stage of PAN products life cycle do you usually achieve more sales

(a) Introduction ( ) (b) Growth ( ) (c) Maturity ( )

14. Do you often design appropriate marketing strategies to cope with challenges used in any of the stages of your product life cycle?

15. How do you assess the effectiveness of marketing strategies in respect of your product life cycles?

(a) Highly effective ( ) (b) Fairly effective ( ) (c) Highly ineffective ( )

16. Who constitute the target market for the PAN's product?

(a) individuals ( ) (b) Government organisations ( ) (c) Private companies ( ) (d) Others please specify …….

17. Do you occasionally monitor trends at different stages of your product life cycle?

(a) Yes ( ) (b) No ( ) (c) Indifference ( )

18. What has been the trend of sales/profit at the following stages?

(i) Introduction stage

(a) High sales/profit ( ) (b) Moderate sales/profit ( )

(c)Low sales/profit

(ii) Growth stage:

(a) Very high sales/profit ( ) (b) Moderate sales/profit ( )

(c) Low or no sales ( )

(iii) Maturity stage

(a) Very high sales/profit ( ) (b) Moderate sales/Steady sales/profit ( )

(c) Low or no sales ( )

19. Do competitive in the automobile industry generally have any influence on your product life cycle?

(a) Yes ( ) (b) No ( ) (c) Indifference ( )

20. Which of the following constitutes the major impact of competition on your organisation?

(a) Reduction in sales ( ) (b) No effect ( ) (c) Others please specify …….

21. How do you arrive at new product ideas in PAN? Through:

(a) Salesmen ( ) (b) Competitor's ( ) (c) Research findings ( )

22. What problems (if any) do you encounter in new product development efforts?

(a) Generating acceptable ideas ( ) (b) Technical complexities ( )

(c) Cost of research ( ) (d) Any other specify ( )

23. Does your organisation believe in increased sales through promotional activities?

(a) Yes ( ) (b) No ( ) (c) Indifference ( )

24. Which of the following promotional tools do you think has the greatest impact?

(a) Advertisement ( ) (b) Sales promotion ( )

(c) Publicity ( ) (d) Personal selling ( )

25. Which of the above promotional tools does PAN consider most effective?

(a) Advertisement ( ) (b) Publicity ( )

(c) Sales promotion ( ) (d) Personal selling ( )

26. Briefly suggest any other appropriate marketing strategy which the company has not adopted in the past but which consider important and appropriate to any of the stages of the company's product life cycle.

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