

Market Life Cycle

When manufacturers experience unfamiliar decreases in sales, it may indicate that their market has evolved, and their sales channels no longer provide adequate coverage. For instance, they may discover that they are competing against new organizations, or their traditional, successful channel partners are now failing. New reasons for losing a sale are often good indicators that the market environment has changed.

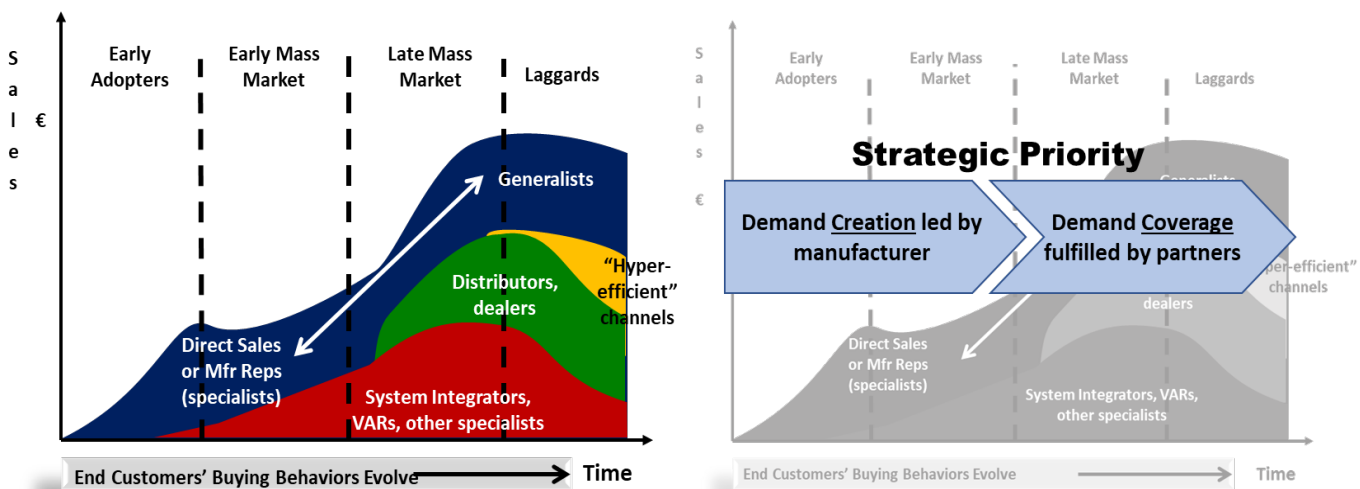
Frank Lynn & Associates, Inc. (FL&A) has researched and worked in many different markets, we have seen them change, and we've seen the changes affect the mix of sales channels that are required to be successful.

Early Adopters - When markets begin to define themselves, the end-customers do not understand what they are buying, the manufacturers are unknown and, therefore, the purchase involves high levels of risk. At this stage, manufacturers often sell through highly specialized sales resources like their own direct sales team, promising customers the strategic advantages of being an early adopter.

Early Mass Market - As markets become established and the number of users increase, some early brands emerge, and the manufacturers begin to use value-added installation and technical partners to increase their market coverage and help end customers manage the complexity of the new technology.

Late Mass Market - When the technology is well established, manufacturers launch simpler products that work in a more standard and modular way. End-user knowledge increases which enables them to buy from less technical sales channels that offer the benefits of a broad range of products and logistical efficiency. Manufacturers manage key customers directly, technical customers buy from value-added partners, and the mass market purchases from broadline channels offering a one-stop-shop.

“Laggards” – Finally, as the market reaches the “laggard” end customers, some of the key customers migrate to hyper-efficient logistical channels and the technology begins to lose market share to newer, alternative solutions.



FL&A has helped many clients navigate the market life cycle and maintain their market coverage:

- An office equipment supplier transitioned into broadline channels when its value-added channels were ineffectively competing to win large projects with key end users
- A leading building supplies company developed value-added sales channels when their new products required technical sales and post sales installation support, services that were not available from existing broadline wholesalers

If you believe that market evolution is important to your organization and are looking for tools to make it relevant to the whole organization, then Frank Lynn & Associates, Inc. can help. Feel free to contact Stephen Martin at smartin@franklynn.com for further discussion.