

Library Product & Service Management Through the Life-Cycle Process

The product life-cycle process is one of the most important marketing concepts that a successful business employs to maintain a stable, healthy financial picture. Librarians can benefit from understanding the life-cycle process and applying it to their information management strategies.

The life-cycle process is based on the proposition that products and services are born, grow to maturity, and then decline, much like plants and animals. This concept is depicted in the graph as shown on page 3.

Introductory Stage. During this period, demand for the product or service is high and sales grow rapidly—assuming that market research indicated a demand for the product or service. As the bottom of the graph shows, high expenses due to product or service development, initial production, and resource allocation cause the margin of profit to be negative. Another big expense during the introductory period is promotion. The objective of promotion efforts is to make buyers aware of the product or service, and to encourage them to try it. If appropriate, free samples can be distributed, and personal sales demonstrations and discount coupons can be used to encourage first-time buyers or users of the service.

If you are an information broker or a library that manages in a fee-based mode, your monthly balance sheet will show the cost of the introductory period. The number of sales may be high, but recovering initial start-up costs will take time.

Librarians who manage libraries without profit or cost-recovery motives will see "sales" reflected in established counting mechanisms, but may not be able to determine as easily when their initial start-up investment has been recovered.

If the product or service is a unique one, potential competitors will watch the marketplace to determine the product's viability and profitability.

Growth Stage. A successful product or service moves from the introduction to growth stage. In this period of the life-cycle, income from the product or service should be increasing faster than expenses, thereby generating profits. Librarians who manage library services on a cost-recovery or profit basis will see profit margins climb and settle into a comfortable range as expenses settle down and demand for the product or service grows. Even for libraries without profit motives, the growth period means that demand is high enough that it has become cost-effective to offer the new service or product on a continuing basis.

During this period, competition is likely to develop because of the apparent success of the new product or service. It is very important to watch competitive threats and to make sure that the initial market niche developed in the introduction period does not erode. Promotion continues to be an important ingredient in the marketing mix as the customer base and market continue to be expanded.

Maturity Stage. The third stage in the life-cycle is characterized by intense competition and the highest sales levels for the product or service. Unlike the introduction and growth periods, the maturity stage can last indefinitely, depending on the success of short- and long-term marketing strategies.

Market segmentation frequently occurs during the maturity stage as competitors attempt to carve out niches for themselves in the marketplace. Some

Pearls of Wisdom

Sharon LaRosa, Chairperson of SLA's Marketing Section is looking for people to give informal presentations at this year's Swap and Shop poster sessions. Call Sharon at 617/871-6288.

The two-day marketing conference held by Canada's Council of Federal Libraries last October is available for loan on cassette tape. Speakers included Marianne Scott, Canada's National Librarian; Robin Inskip from the University of Alberta's SLIS; Robyn Frank from the Information Centers Branch of the National Agricultural Library; Steve Abram from Hay Management; and your *Marketing Treasures* editor. Together the speakers covered the full range of marketing topics and real-life applications. This is an unedited tape so you'll get to hear everything! If you're interested, you can borrow the tapes by calling or writing the *Marketing Treasures* office. Ask for the Canadian Marketing Conference tapes.

Librarians who manage government (federal or local) information services might want to enter their best promotion and public relations materials in this year's Blue Pencil and Gold Screen Awards Competition. Deadline for entries is May 1st. For an application form and entry details, call 703/823-4821 or write to National Association of Government Communicators, 80 South Early Street, Alexandria, VA 22304.

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Missing issues must be reported within 3 months of issue date. Missing issues requested after this time will be supplied at the regular back-issue price.

The Marketing Treasures office may be reached via fax at 301.647-0415.

Your editor has received a number of requests about the availability of recycled papers for brochures and computer search cover sheets. There are different grades of recycled paper, and papers that are composed of various percentages of recycled papers. If you are contemplating using recycled paper, you might want to look at the paper samples from these paper mills: *Speckleton* from French Paper Company, Box 398, Niles, MI, 49120; and *Retreeve* from James River Corp., 145 James Way, Southampton, PA, 18966. By writing your request on your organization's stationery, you will be able to obtain samples. For your information, the whiter and brighter recycled paper looks, the more chemicals are used to make it and the more it costs.

When typing in desktop publishing programs you do not need to skip two spaces after a period. The two-space convention is a holdover from the typewriter keyboard on which letters were evenly spaced, making it difficult to see the end of a sentence. Since most desktop publishing programs space letters on an individual basis, there's no need for the extra space.

The latest issue of *Harvard Business Review* (January-February 1990, no.1) has a nice pull-out chart on marketing research situations and the appropriate responses to them. The article/chart, entitled "The Marketing Research Encyclopedia" by Vincent Barabba, can be found on page 105.

The folks who publish *Step-By-Step Graphics* have released their *Designer's Guide to Typography*. If you use desktop publishing, this publication has some very informative articles on type-face styles and usage. Look for it at your local newsstand, or send \$19.50 to Step-By-Step Graphics, Dynamic Graphics, Inc., 6000 N. Forest Park Drive, Peoria, IL 61614-3592.

Right on Programs is offering 80 pages of Clip Art for \$50. The address is 755-A New York Ave., Huntington, NY 11743.

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competitors may decide to exit the market because profits are low and market growth prospects are limited. Typically organizations that hold a large percentage of the market share are able to produce the product or service at lower costs than competitors because of high volume production and greater experience. Prices charged for the new product or service can usually decrease during the maturity stage and the full range of pricing strategies can be used to expand existing market shares at the expense of competitors.

An example of a service entering the mature stage of the life-cycle exists within the library profession. Your editor has observed that in many parts of the United States the information-brokering service business exhibits all the characteristics of a product entering the mature stage of its life-cycle. Hourly rates have settled into a set price range, and various common information services and products have been defined. Individuals with no information service background increase the number of competitors as they buy a computer, hang out the shingle, and enter marketplace after reading in popular magazines about the so called "information age" and its financial bonanza. Market segmentation has begun as competing brokers seek to differentiate their information services from others by targeting market segments that complement information subject specialities.

Add to this the fee-based services being offered to the public by college libraries and public libraries, and it becomes obvious just how far the information service industry has progressed along the life-cycle curve.

Decline Stage. Eventually the demand for many products and services begins to decrease. The decline stage may lead to a decline in sales over a long period of time or to a complete elimination of the product from the marketplace. During this period, marketing expenditures are usually reduced, and weak competitors exit the market.

During the early period of decline, many organizations revitalize the product or service through repackaging, product improvements, or changes in advertising strategies. Depending on the extent of revitalization, the product can gain new energy and return to the mature stage of its life-cycle.



Librarians who observe a decline in the purchase or usage of a product or service should investigate whether the demand for the service has reduced to the point that continuing the product makes no economic sense. If this is the case, then drop the offering. If you determine that by altering the product or service it can be revitalized, then go ahead and revitalize. But remember to continue

monitoring its progress through the life-cycle.

A related marketing and strategic planning tool is the Boston Consulting Group's Portfolio Approach as shown in the graphic on the following page. The approach requires that all services and products be rated along two primary dimensions, market growth and market share. Market share measures the performance of the product or service in the marketplace, while market growth measures the annual rate of growth within the market. These two dimensions are further divided into high-growth and low-growth profiles. The result are four

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categories that describe how a product or service contributes to an organization's financial health.

For example, a library that has an information service that enjoys a large market share in fast-growing market has a service that is a "star". A star parallels the growth stage of the life-cycle. "Question marks" are services or products that hold



promise and are in the introductory stage of their life-cycle. Mature products that generate high levels of profit are dubbed "cash cows". Cash cows can support the development of question marks into stars that will hopefully mature into cash cows to support yet more product or service introductions. When a product is in its decline stage and there is no hope for revitalization, then it is characterized as a "dog", to be dropped from the product or service offering.

Your editor believes that if you understand and observe the life-cycle process of your library's products and services, you will be able to manage your information business more effectively by responding to demands and competitors, thereby ensuring your viability as a library and information service. Take a close look at your library's products and services, and determine where they are in

Newsletters and Acquisition Lists. . .

We have begun to analyze the results of the newsletter survey that was included in the November issue of *Marketing Treasures*. A disturbing conclusion is that many readers combine their library news with the announcement of new acquisitions. This is not good for any marketing program, especially for a library trying to gain visibility.

A newsletter is a public relations device. It puts your library's services and products in front of your current and potential customers. Two objectives of your newsletter should be to help people better use the library's resources, and to make people feel good about the library's existence and the contributions that it makes to the organization.

The acquisitions list is a library product. As such it should be treated with its own packaging and unique product characteristics. By combining your newsletter with the announcement of new acquisitions, you are mixing a public relations tool with a product/service.

Your editor realizes that some readers will reply it saves time to combine news with the acquisitions list, and others will remark that they just don't have enough to say to warrant a separate newsletter. The first reply doesn't hold true. It takes just as much time to combine news and acquisitions as it does to issue two separate pieces. And your reward for the effort will be greater visibility. When you have the opportunity to get your name and services in front of the target market—take it!! To the other folks who don't have time to write a separate newsletter—help is on the way.

The logo design of your editor's consulting practice has received an Award of Merit in the Spectrum Services Advertising Awards Competition. If you are thinking about a logo design for your library, give Chris Olson & Associates a call . . . or look for our exhibit at the Special Libraries Association Conference this June. We'll have our designs on display, and we'll be unveiling our new subscription service!

If your *Marketing Treasures* binder is getting full, we have extra binders that you can purchase at cost for \$4.50 a piece.

Worth Its Weight in Gold

This issue of *Marketing Treasures* includes your new Cut & Paste clip-art sheet. The sheet includes original artwork in camera-ready form. If you would like previously published clip-art sheets, ask for the Cut & Paste Clip-Art Order Form. It shows all the clip-art sheets that have appeared in *Marketing Treasures*.

Angel and Devil. These two characters remind readers to use the library. You can also insert your own words and use these cartoons as single characters. Another message for the angel could be a reminder about returning materials to the library. Of course the devil would be great for the one-person librarian that has problems getting people to sign out the library materials on an honor system.

Information to Go. Here's a cartoon that can go on the front of a brochure, or maybe the cover sheet to your library's computer database/research products. It's a great theme . . . think about using it for National Library Week. Maybe members of the staff can wear roller skates one day . . . well, okay, maybe you can hang roller skates from the front door or place them near your posters that proclaim "Information to Go!"

Information Information Information. This artwork will make a fine masthead or cover sheet to a library bulletin.

Phone-A-Pro! Here's a graphic and headline to help advertise your telephone reference services.

Spring is Here! Who can resist a bunny rabbit reading a book?

Check Us Out. This image will make a nice headline graphic for a regular newsletter column or as a filler between paragraphs.

The Library Isn't So Much About Storing Information . . . If you think people believe that the library is just for collecting books, try running this

Promotion Gems

When you create flyers for your library's services and products, try to approach the flyer as though it were an advertisement in a magazine or newspaper. This approach should help you create interesting headlines and copy that will catch the reader's attention. Use the following checklist to ask yourself that following questions.

- 1. Concept:** What is the major theme of the flyer? Does the flyer emphasize the product or service that you are advertising? Can a person scan the flyer and still understand the major theme that you are focusing on?
- 2. Visual devices:** Do they relate to the headline and copy? Is your logo prominently displayed? Do the visuals capture a person's attention?
- 3. Headlines:** Do they offer a benefit? Are you announcing something new? Do they target the proper audience? Is curiosity aroused without creating confusion?
- 4. Body copy:** Is your copy divided into readable paragraphs of varying lengths? Does it use short sentences? Has it avoided complicated words? Does it lead the reader to an action device so they can either call, write, or otherwise request the service or product being advertised.

Looking for prize ideas for a promotion contest? Here is a sampling of prizes that have crossed your editor's desk recently. Calculators, Cross pens, flashlights, golf balls, gift certificates to local department stores and restaurants, get-away weekends for two at a Marriott, a gift certificate for Midas service, two hours of legal consultation with a local attorney . . . and more. No, you don't have to buy these items. Just ask local business people if they would like to donate time, services, or products to your contest award list. It will give them visibility, especially if you agree to publish the list of prizes.

Sparkling Reviews

Marketing: A Planned Approach for the Public Library. ALA Video, American Library Association, 1989. \$130.00

This video tape is a great way to start a marketing program in a library that has never pulled together a marketing effort. In 24 minutes the tape describes the marketing process and uses library examples to show how to apply many marketing principles.

The tape starts out by emphasizing that marketing is not selling, and proceeds to review marketing segmentation and the four P's of product, place, price, and promotion. Your editor wishes the tape considered public relations separately from promotion, as the fifth P, but that minor shortcoming shouldn't prevent you from using the tape.

The tape is well produced and interesting to watch. It shows the narrator in various library settings, and interviews with several library directors help to diversify the presentation of marketing concepts.

The video comes with a useful chart that briefly outlines the marketing process. The chart complements the video's presentation and helps to keep the marketing process an everyday activity.

While the title reads "public library", special libraries will find the tape useful too. If you have been reading the marketing literature or attending marketing seminars you might not learn anything new. (Although your editor was reminded of a couple of marketing concepts.) This is an excellent tape to present to a library staff who need to be introduced or better acquainted with the marketing process.

The Crystal Ball

March 25-30 Services Marketing Institute. Sponsored by the American Marketing Association at Arizona State University in Tempe. Contact: 312/648-0536.

March 29 "How to Write, Edit, and Produce Effective Newsletters" Seminar at Johns Hopkins University Continuing Studies Center at the Montgomery County, Maryland location. Contact: 301/338-8516.

March 30 "Mainstreaming the Special Library". Seminar led by Alice Warner in Toronto, Canada. Also April 20 in Boston. Focuses on positioning, money, and marketing. Contact: Joy Learner 202/234-4700.

April 18 "Report on the Image Task Force". Presentation by Kaycee Hale at the Wisconsin Chapter of the Special Libraries Association in Milwaukee. Contact: Darlene Waterstreet 414/964-2377.

April 18-19 "Marketing to the Year 2000". Conference sponsored by ADWEEK in New York City. Contact: 212/505-2350.

April 23 "The Good, the Bad, and the Ugly: Developing Library Promotion Materials". Slide presentation by Chris Olson at the dinner meeting of the Law Library Association of Greater New York. Details forthcoming. Contact: Chris Fisher 212/558-3715.

April 26 "Marketing Yourself: Your Professional Image" and "Marketing Your Library: Your Public Image". Presentations by Kaycee Hale at the Southern California Chapter of the Special Libraries Association in Los Angeles. Contact: Ann Shea 213/345-5388.

April 28 "Market Your Library: Outreach and Public Relations". Speakers include Ann Talcott, Sue Fontaine, and a panel of six contributors. Sponsored by the Museum Chapter of the New York City Chapter of the Special Libraries Association at Queens College. Contact: Sandra Pitt 212/769-5909.

April 30 "Marketing Your Library Services: A Nuts-and-Bolts Seminar. . ." Seminar led by Sharon LaRosa and Barbie Keiser in New York City. Contact: Sharon LaRosa 617/871-6288..

May 7-10 "Planning & Developing New Products & Markets" Seminar sponsored by the American Management Association in New York City. Contact: 518/891-0065

May 13-15 Marketing Research Innovations. Sponsored by the Academy for Health Services in Chicago. Contact: 312/648-0536.

May 16 "How to Write, Design and Edit Newsletters". One-day seminar in downtown Philadelphia sponsored by the Business & Professional Research Institute. Contact: 802/757-3261.

May 17-18 "Making Your Marketing Strategy Work". Seminar sponsored by the University of North Carolina at Chapel Hill. Contact: Ruth Blalock 919/962-9630.

May 23-24 "Questionnaire Construction Workshop". Workshop in Detroit offered by the Burke Institute. Contact: 800/544-7373.

