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MARA

MGT345

OPERATIONS MANAGEMENT
“PRODUCT LIFE CYCLE OF YAKULT”

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2.0 History Background



DR. MINORU SHIROTA (1899-1982)

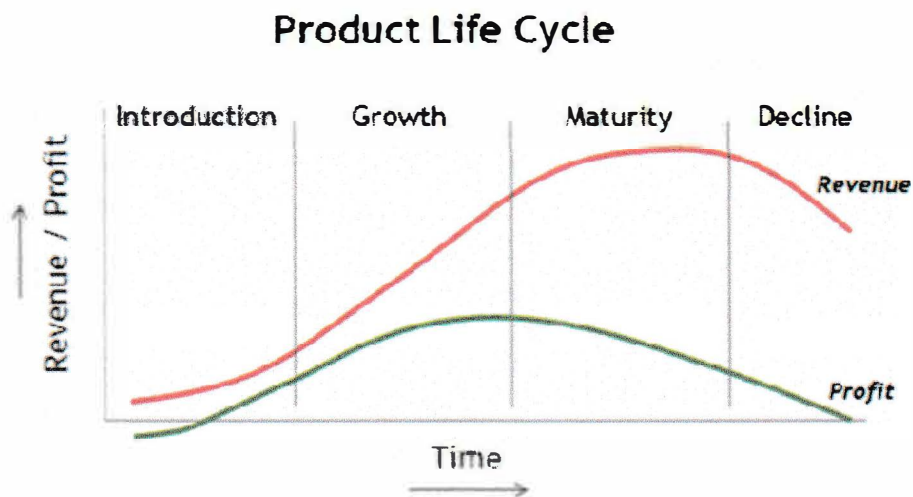
In 1930, Dr. Minoru Shirota, who was conducting research in a microbiology lab at the Medical Faculty of Kyoto University in Japan, became the first person in the world to succeed in culturing a strain of lactic acid bacteria beneficial to human health. This bacterium was named "Lactobacillus casei Shirota strain" after Dr. Shirota.

At that time, Japan was not a wealthy nation, and many children lost their lives to infectious diseases and other maladies brought on by malnutrition. Deeply concerned about these conditions, Dr. Shirota was determined to focus his efforts on preventive medicine, and turned his attention to the study of microorganisms. He set about developing a stronger strain of lactic acid bacteria which would work to destroy the harmful bacteria living in the intestines, and therefore improve and maintain the health of human beings. The result of his efforts was the successful culturing of Lactobacillus casei Shirota strain.

Dr. Shirota then began working together with supporters to make a delicious, yet affordable priced drink incorporating the Shirota strain so that many people could enjoy the benefits of the microorganisms. His dedication led to the development of Yakult, a cultured milk drink, which was introduced to the market in 1935. Dr. Shirota was driven by a relentless dedication to good health. His passion, creativity, and inexhaustible curiosity live on today, through the continuing progress of Yakult.

3.0 Product Life Cycle of YAKULT

A new product progresses through a sequence of stages from introduction to growth, maturity and decline. This sequence is known as the product life cycle and is associated with the changes in the marketing situation, thus impacting the marketing strategy and the marketing mix. The product revenue and profits can be plotted as a function of the life cycle stages as shown in the graph below:



During the introduction stage, the firm will seeks to build product awareness and develop a market for the product. The impact on the marketing mix is as follows:

| | |
|--------------|---|
| Product | Branding and quality level is establish, and intellectual property protection such as patents and trademarks are obtained. |
| Pricing | Low penetration pricing to build market share rapidly, or high skim pricing to recover development costs |
| Distribution | Very selective until consumers show acceptance of the product |
| Promotion | Is aimed at innovators and early adopters. Marketing communications seeks to build product awareness and to educate potential consumers about the product |

During growth stage, the firm will seeks to build brand preference and increase the market share.

| | |
|--------------|---|
| Product | Quality is maintained and additional features and support may be added |
| Pricing | Maintained as the firm enjoys increasing demand with little competition |
| Distribution | Channels are added as demand increase and customers accept the product |
| Promotion | Aimed a broader audience |



3.1 Introduction Stage

3.1.1 Embodiment of the Founding Philosophy(1935-1963)

In 1930, Dr. Minoru Shirota succeeds in strengthening and culturing lactic acid bacteria, useful for maintaining health (Lactobacillus casei strain Shirota).While in 1935, Yakult is manufactured and introduced to the market. Yakult is registered as a trademark in 1938.

Other than that, Local offices of the Association for Promotion of Preventive Bacteria Strain Shirota are established in various parts of Japan for the purpose of marketing and distributing Yakult during the year of 1940.In the year of 1955, Yakult Honsha Co. Ltd. is established at Nishi Hatchobori, Chuo-ku, Tokyo.The company was incorporated at 9 April 1955.

The research institute is established in Kyoto. The promotion is become aggressively during 1963, Yakult launches its unique Yakult Lady home delivery system. This Yakult Lady system is same as selling the product through door to door system. Mrs Nagayama, a mother of two sons in their 20s, is one of the japan star Yakult ladies part of unique door-to-door distribution network first started by Yakult Honsha in 1963.At this introductory level, Yakult is only distributed or sell out at Japan.

3.1.2 Marketing Objectives

The Main marketing objectives of the Yakult is to help the children and poor people who suffered infectious diseases and other maladies brought on by malnutrition.

3.1.3 Marketing Strategies

| | |
|--------------|---|
| Product | Yakult is registered as trademark. There was no institute developed to conduct the analysis of the products. |
| Pricing | The price was set up at high price because they decided to cover their initial cost. |
| Distribution | Yakult is only distributed at Japan country at this introductory stage. |
| Promotion | Promotion activities are rarely conducted. They only used simple bottle packaging at this stage. The packaging is remained the same from the year 1935 to 1962. |