

# PRODUCT LIFE CYCLE

Products have a limited life

This limited life has four stages

The four stages have different problems and opportunities

Different problems and opportunities in different stages have different costs and profits

Thus products require different production, financial, human resource and marketing approaches or strategies in each life cycle

# PRODUCT LIFE CYCLE

**Introduction:** heavy costs, low sales, high promotional costs  
objective – product awareness and trial

**Growth:** high market acceptance and profits  
objective – maximisation of market share

**Maturity:** in sales and / or decline in profits  
objective - maximise profit, minimise cost, hold on to mkt. share

**Decline:** reduced sales, profits very low  
objective – reduce expenditure, decide

# PRODUCT LIFE CYCLE

Categories of PLC

## **1. Style**

Distinctive mode of expression.

Can last for generations & be in and out fashion

## **2. Fashion**

Currently popular style

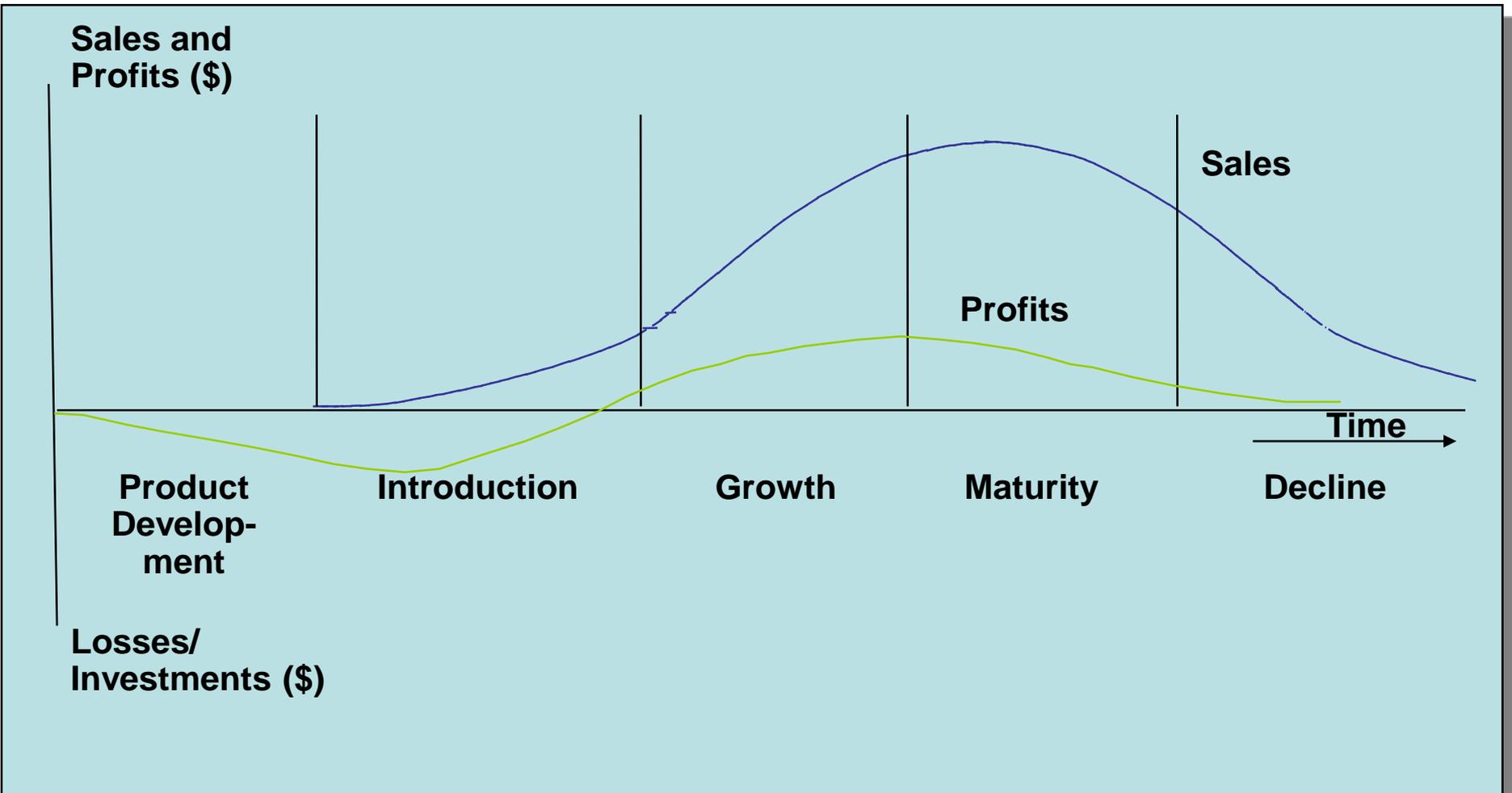
Four stages – distinctiveness, emulation, mass-fashion, decline

## **3. Fad**

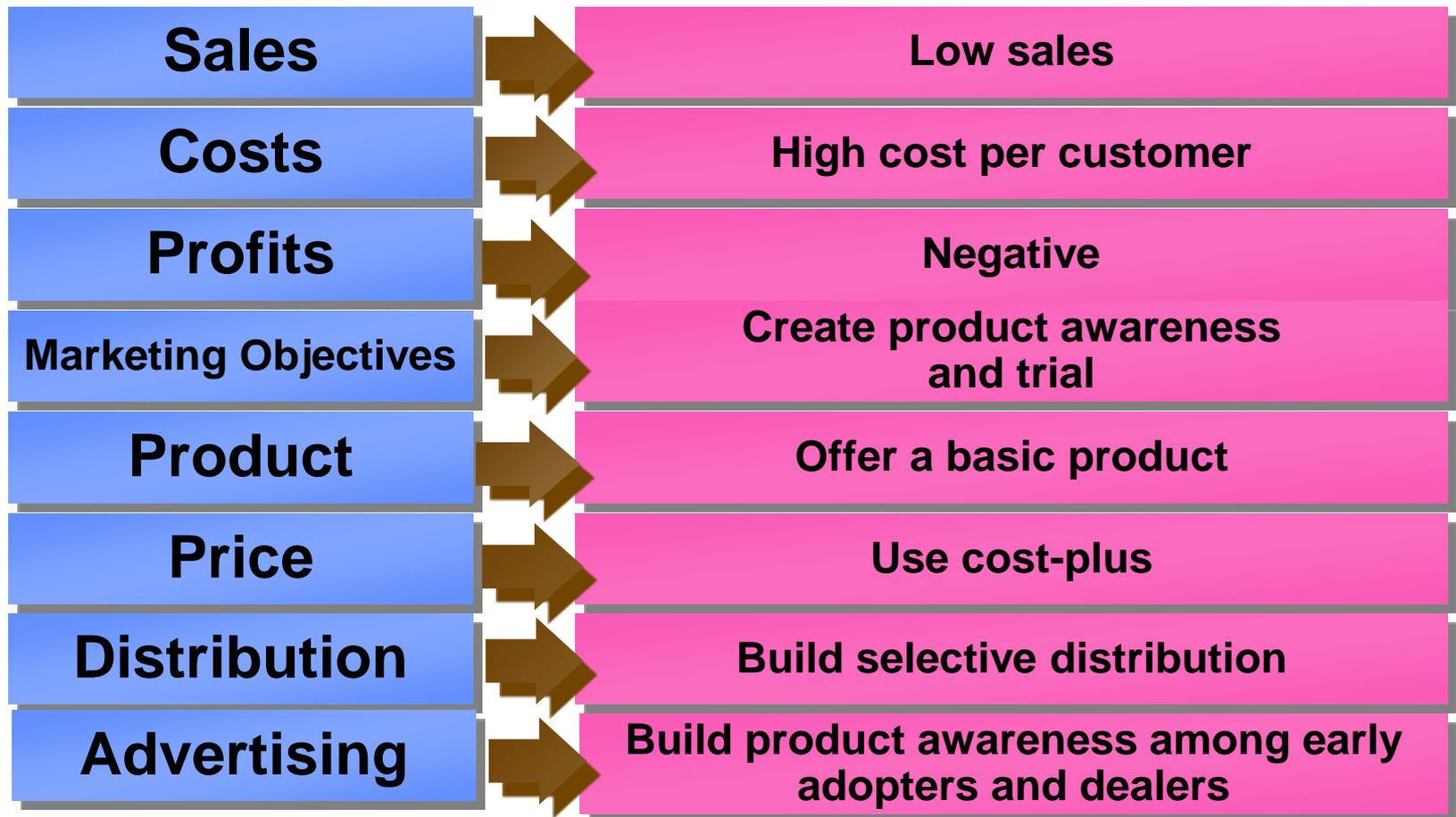
Short lived, fast moving fashion

(arrives suddenly, sells a lot quickly, matures and declines fast)

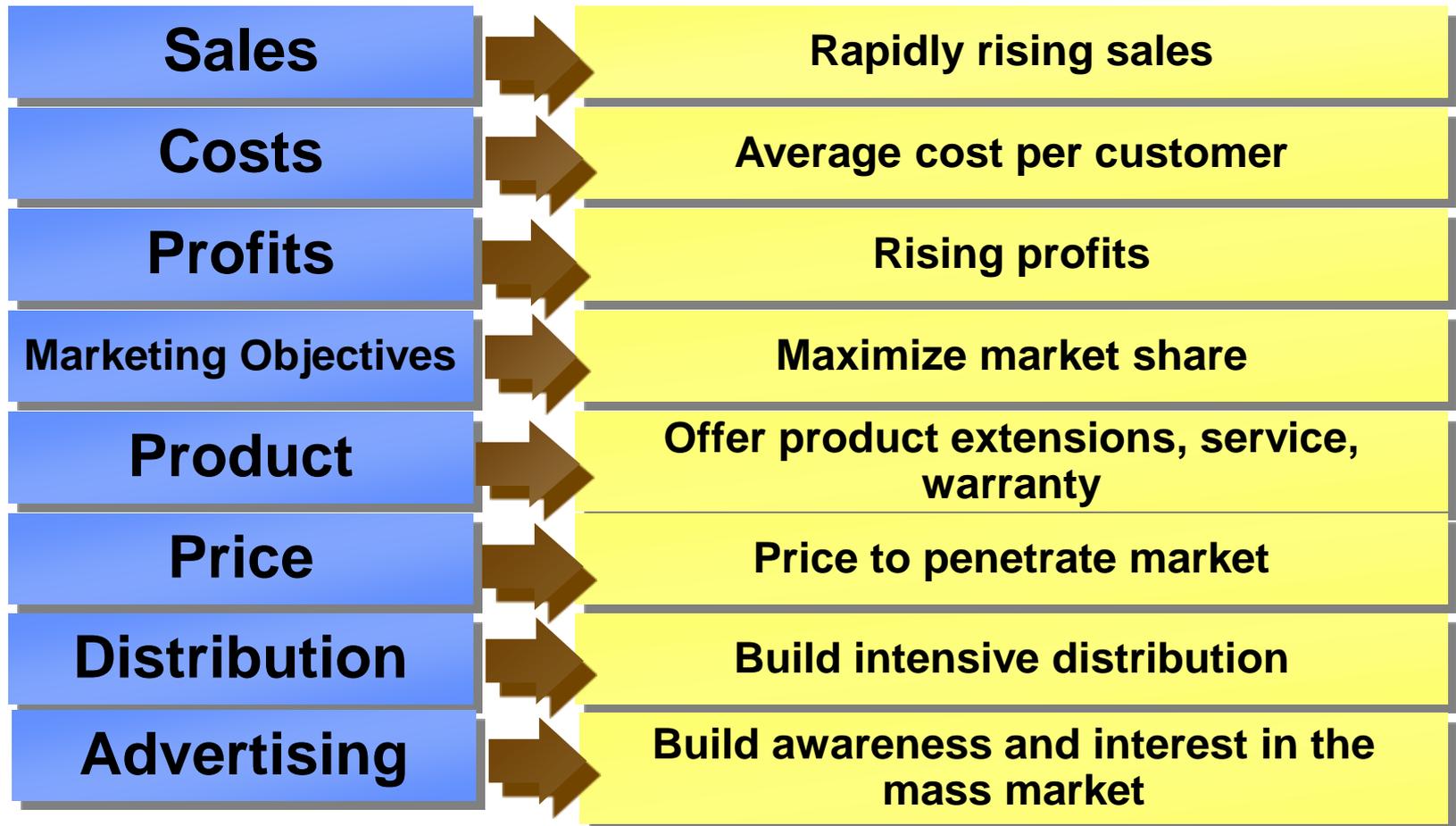
# Product Life Cycle



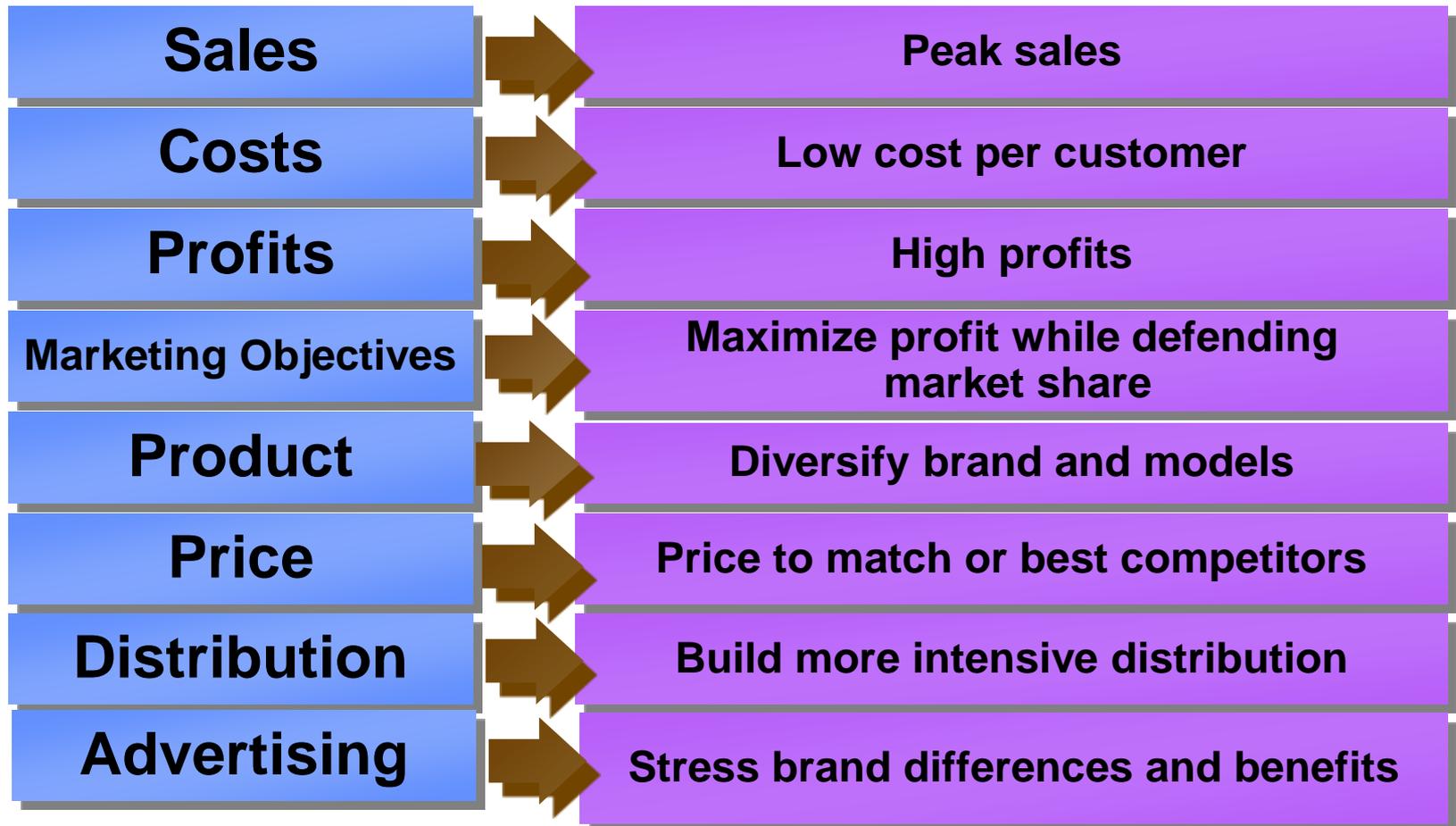
# Introduction Stage of the PLC



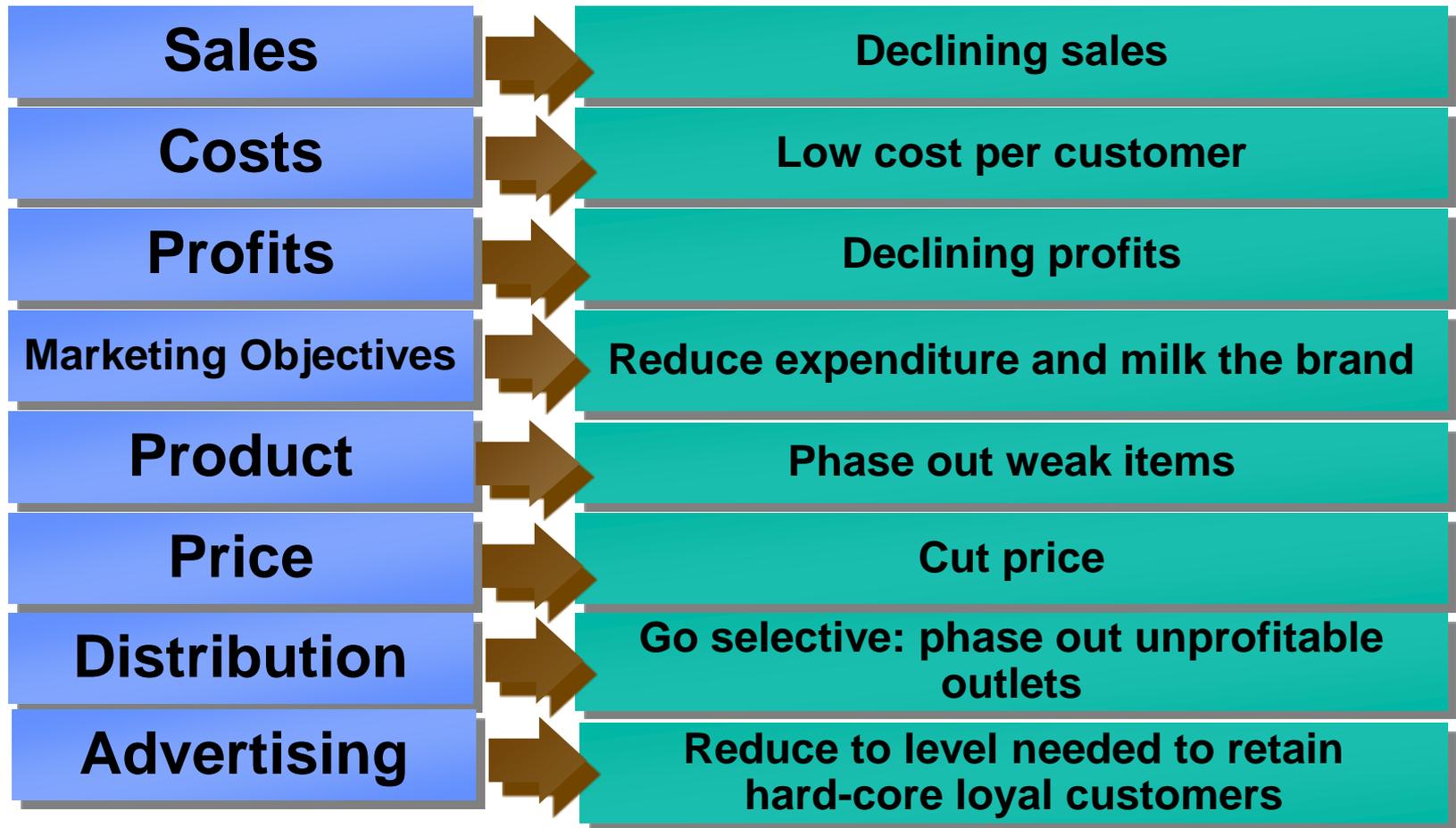
# Growth Stage of the PLC



# **Maturity Stage of the PLC**



# Decline Stage of the PLC



# PRODUCT LIFE CYCLE

|                    | <b>STAGES</b> | <b>INTROD-<br/>UCTION</b> | <b>GROWTH</b>                            | <b>MATURITY</b>                      | <b>DECLINE</b>   |
|--------------------|---------------|---------------------------|--|--------------------------------------|------------------|
| <b>CHARACT...</b>  |               |                           |  |                                      |                  |
| <b>SALES</b>       |               | <b>LOW</b>                | <b>RISING</b>                            | <b>PEAK</b>                          | <b>DECLINING</b> |
| <b>COSTS</b>       |               | <b>HIGH</b>               | <b>LOWER</b>                             | <b>LOW</b>                           | <b>LOW</b>       |
| <b>PROFITS</b>     |               | <b>NIL</b>                | <b>RISING</b>                            | <b>HIGHEST</b>                       | <b>DECLINING</b> |
| <b>CUSTOMERS</b>   |               | <b>INNOVATORS</b>         | <b>EARLY<br/>ADOPTERS<br/>/ MAJORITY</b> | <b>EARLY /<br/>LATE<br/>MAJORITY</b> | <b>LAGGARDS</b>  |
| <b>COMPETITORS</b> |               | <b>NONE OR<br/>FEW</b>    | <b>RISING</b>                            | <b>PLATEAU</b>                       | <b>DECLINING</b> |

# PRODUCT LIFE CYCLE

| <b>Strategy</b>  | Intro             | Growth                           | Maturity             | Decline                  |
|------------------|-------------------|----------------------------------|----------------------|--------------------------|
| <b>Product</b>   | Basic             | Extensions,<br>Service, Warranty | Diversify            | Phase out<br>weak        |
| <b>Price</b>     | Minimum<br>margin | Highest<br>possible              | Match<br>competition | Lowest<br>possible       |
| <b>Place</b>     | Selective         | Wide-spread                      | More wide<br>spread  | Selective<br>(phase out) |
| <b>Promotion</b> | Heaviest          | Reduced                          | Increased            | Lowest                   |