With the aid of an appropriate diagram, explain the stages of a product life cycl...

ASSIGN
BUSTER

The term ‘ product’ includes consumer and industrial goods and services. Goods have a physical existence , such as washing machines and chocolate bars. Services have no physical existence, but satisfy consumer needs in other ways, for example: hairdressing, car repairs, banking etc.

Product life cycle is the pattern of sales recorded by a product from launch to withdrawal from the market. To know when to launch a new product or updating the existing one can give businesses benefits. An example can be, it allows existing models of cars to ‘ soldier on’ in the market when other firms are introducing attractive new or revamped ones, which is a classic business error that has led to many failures. An awareness of the product life cycle principle can assist greatly in dealing with the problem. The life cycle of a product records the sales of that product over time.

The product life cycle assists with planning marketing mix decisions, such as new product launches and price or promotion changes, it identifies how cash flow might depend on the cycle and lastly it recognises the need for a balanced product portfolio. The four stages of product life cycle are, Introduction , Growth , Maturity/Saturation and lastly Decline Introduction is when the product has just been launched after development and testing. In this stages the sales are usually quite slow to begin with and may increase only quite slowly. However, there are exceptions, which includes, newly launched DVD by a popular global rock star. The next stage in, growth. This happens when the product is effectively promoted and well received by the market.

But this stage does not last forever. It may take days, weeks or even years for the sales to grow and after a certain time the growth would stop altogether, which leads to the next stage, maturity/saturation. The reason for growth dying down include, increasing competition, technological changes making the product less appealing , changes in consumer tastes, and saturation in the market. An example here can be Coca Cola, it gained huge popularity , which lead to a very fast growth initially but today, even when the sales are high, they are not growing as they were before.

The third stage is maturity/saturation. At this stage , sales fail to grow but they do not decline significantly either. This stage can last for years. Again we can take the example of Coca Cola. The saturation of consumers who want a certain product having already bought one. The best recent example would me mobile phones.

Even though the world market has grown phenomenally in recent years, in 2009 sales growth ended altogether. This was put down or replaced with newer technology that a further spurt to sales growth with be received. This is why all phone companies are working hard on the next generation of mobile phones, to make existing models obsolete. In between the third and the fourth stage there are at times another stage. This is where the companies make extension strategies. Extension strategies are marketing plans to extend the maturity stage of the product before a brand new one is needed.

For example, export markets, new uses for existing products and product launches, involving new packaging and advertising. The last stage is decline.

During this phase, sales will decline slowly and steadily. Either no extension strategy has been tried or it has not worked or the product is so obsolete that the only option is replacement. Newer competitors' products are the most likely cause of declining sales and profits and also when the product becomes unprofitable or when the replacement is ready for the market, it will be withdrawn.