

# Life cycle of the service industry

Business, Management



The service industry, like any other business, goes through the four stages of life cycle. The time taken to advance from one stage to another depends on a number of factors (Diebold & Rudebusch, 2000). The stages encompass introduction, growth, maturity and decline. This essay seeks to describe the service industry at each of these stages regarding demand for technology, products and competition.

At the introduction stage, the demand for the service is low because not many people are aware of this industry. The level of technology at this stage is can be described as juvenile. The products are of a wide variety due to few cases of imitation and replication. Competition is not intense because the industry is yet to be flooded with new firms. For a firm to survive this stage, it needs to advertise its services and take measures to retain customers.

At the growth stage, demand is growing because the industry can penetrate the market. Firms are utilizing and innovating new technology. The quality and design of products improves because they now know what the clients want. Competition is growing because of new entrants leading to mergers and exit of some firms. For a company to survive this stage, it should be creative in the way it offers its services.

At the maturity stage, demand is improving due to repeat buying. Customers are also becoming price sensitive. Firms are using innovative technology to beat their rivals and retain clients. Consumers can now differentiate between the firms through their brands. Competition is stiff. Weaker firms are falling out. A company that survives this stage should have a strong brand, better technology and the muscle to rival out competitors.

The decline stage is the final phase of the industry cycle. The demand for the

services has gone down due to obsolescence. There is little technological innovation in firms. The services are all similar in the eyes of the consumers. The competition is intense- there are price wars and exits. A firm that survives this stage offers a subsidiary service that is not obsolete. It also positions its price to attract more clients.