Product life cycle

Product Life Cycle Introduction: This paper aims at analysing the usefulness of the Product Life Cycle (PLC) concept to the marketers. It will describe the different stages of the PLC concept and their respective implications on the marketing mix and the strategies which can be adopted during the different phases. Every new product right from its entrance in the market till its elimination from the market goes through a certain sequence of stages known as Product Life Cycle.

There are four stages popularly addressed by the product life cycle which are: Introduction, growth, maturity and decline recognized as distinct stages in the sales history of a product (Kotler, 1984). [pic] Different Stages of Product Life Cycle Each stage of PLC is related to passage of time (as the product of service grows older) hence all of them have different characteristics and implications. It is commonly acknowledged that the marketing strategy must be altered for each stage in the cycle to maximize opportunities and solve problems unique to the product's phase in its life.

The product goes through predictable stages in its life characterized by intensifying competition. Similarly marketing of a product also varies stage by stage. In the introduction stage very high advertising expense/sales ratio is typical despite the potential for a skimming pricing strategy. In the growth stage, advertising expenditures continue to be high as new competition enters the market. However in the maturity stage service and packaging become significant as competition is intensified.

Depending on the exit barriers of the industry, the decline stage may lead to abandonment of the product by some marketers while those remaining may acquire the customers of the withdrawing firm. (Parzinger, Ramarappu and Timmerman, 1997). In short, the Product Life Cycle concept provides a framework for thinking about both a product's evolution through time and the kind of market segments that are like to develop at various points of time. It also highlights the need to change the priorities that govern manufacturing behaviour as products and markets evolve (Hayes and Wheelwright, 1984).

As Geoff Lancaster (accessed 2006) states that for the successful use of PLC concept is being able to identify the passage from one stage to another. This requires that the company makes use of marketing research and marketing intelligence which forms a part of company’s marketing information system. The product life cycle can thus be used strategically and impart an anticipated course of product development for which strategies can be planned and which will ensure the company’s long term growth in the marketplace.

This market research information provides the much needed empirical support for the PLC concept. Characteristics of the different phases of PLC and their implications on Marketing Mix The PLC concept helps the managers to plan the marketing mix strategy during different stages of the life cycle. Below are some marketing actions suggested which are normally appropriate to each of the separate stages of Product Life Cycle. 1. Introduction is the launch period and the product is slowly gaining acceptance.

There are few (indeed sometimes zero) competitors at this stage, but this is where a number of new products fail. The product is seen to be innovative at this stage and potential buyers must be informed at to what it will do, so advertising tends to be of an informative nature. The marketing mix implications at this stage for the product are as follows: o Product: one or few products relatively undifferentiated. The product may not be totally appropriate in the marketplace in terms of its performance or design features, so product modifications tend to be more frequent at this stage.