

PRODUCT LIFE CYCLE

DR. RICHA KALYANI

(Assistant professor)

Dada Ramchand Bakhru

Sindhu Mahavidyalaya

WHAT IS A **PRODUCT**?

A **PRODUCT IS ANYTHING THAT
CAN BE OFFERED TO A
MARKET FOR ATTENTION,
ACQUISITION, USE OR
CONSUMPTION THAT MIGHT
SATISFY A WANT OR NEED.**

*A product is a bundle of physical, service, and symbolic attributes
designed to satisfy a customer's wants and needs.*

WHAT ARE GOODS & SERVICES?

GOODS ARE TANGIBLE PRODUCTS THAT CUSTOMERS CAN SEE, HEAR, SMELL, TASTE, OR TOUCH.

SERVICES ARE INTANGIBLE TASKS THAT SATISFY THE NEEDS OF CONSUMER AND BUSINESS USERS.

CLASSIFICATION OF A PRODUCT

- **CLASSIFICATION IS PRIMARILY BASED ON THE TYPE OF CONSUMER.**
- **ALL PRODUCTS FIT INTO TWO BROAD GROUPS.**
 - **CONSUMER PRODUCTS**
 - **INDUSTRIAL PRODUCTS**

CLASSIFICATION OF A PRODUCT

- **CONSUMER PRODUCT CLASSES**

- CONVENIENCE PRODUCTS
- SHOPPING PRODUCTS
- SPECIALITY PRODUCTS
- UNSOUGHT PRODUCTS

- **INDUSTRIAL PRODUCT CLASSES**

- INSTALLATIONS
- ACCESSORY EQUIPMENT
- RAW MATERIALS
- COMPONENT PARTS & MATERIALS
- SUPPLIES
- PROFESSIONAL SERVICES

WHAT IS PRODUCT LIFE CYCLE?

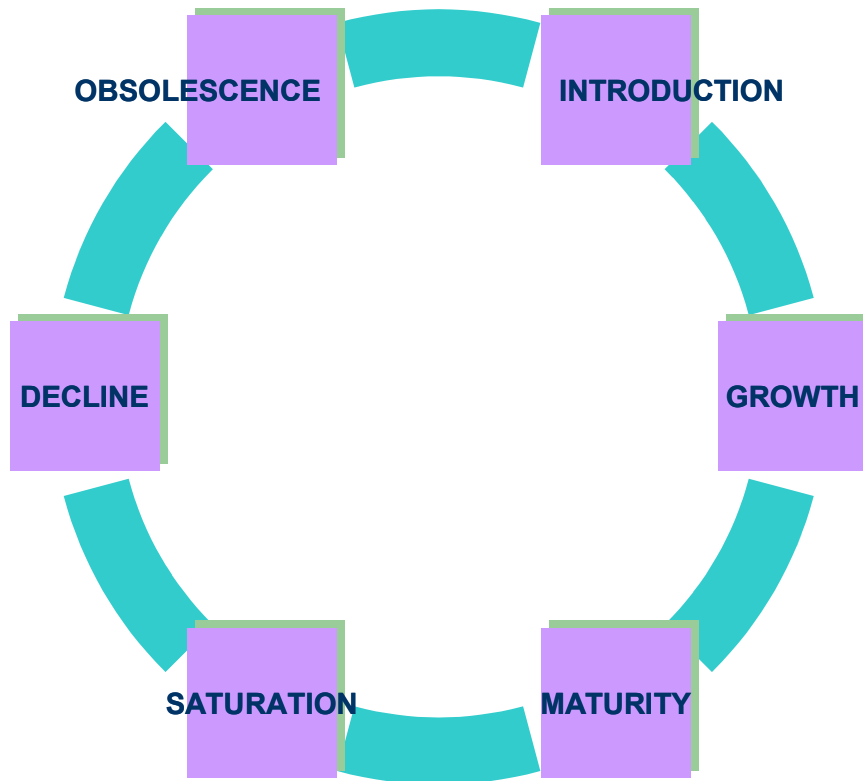
- Product life cycle is very similar to a life of a human being.
- A living being is first born, grows, become an adult, gets old, declines both mentally and physically (decline) and eventually dies.
- An analogy to this process can be observed in production as well.
- Product Life Cycle (PLC) is a term used to describe individual stages in the life of a product.

PRODUCT LIFE CYCLE

- **LIFE CYCLE IS A FACT OF EXISTENCE FOR EVERY PRODUCT.**
- **EVERY PRODUCT HAS A LIFE CYCLE.**
- **LENGTH OF LIFE CYCLE, DURATION OF PHASES & SHAPE OF THE CURVE VARIES WIDELY FOR DIFFERENT PRODUCTS.**

Arc Panton consider Life Cycle of products similar to Human Life Cycles.

STAGES OF PLC



Some marketing experts consider four stages of PLC

- (i) Introduction
- (ii) Growth
- (iii) Maturity
- (iv) Decline

STAGES - PRODUCT LIFE CYCLE (PLC)

- **INTRODUCTION**
 - INFANT STAGE
 - SALES AT INITIAL LEVEL
- **GROWTH**
 - SALES RISES AT INCREASING RATE
- **MATURITY**
 - SALES RISES AT DECREASING RATE
- **SATURATION**
 - STABLE SALES
- **DECLINE**
 - SALES FALLS DOWN
- **OBSOLESCENCE**
 - SALES AT NEGLIGIBLE POINT

INTRODUCTION

- Heavy expenditure on advertisement.
- Heavy promotion to make consumers aware of the product.
- Usually negative cash flow
- Not much expectations as product is entirely new for the market.
- Danger that product may fail due to lack of proper innovation efforts.

GROWTH

- Product gains market acceptance & popularity.
- Demand & sales goes up tremendously due to promotional efforts.
- High profits attract the competitors.
- Rise in capacity utilisation.

MATURITY

- Slower sales growth as rivals enter the market = intense competition + fight for market share
- Sales goes up but with lower speed.
- Advertisement & distribution costs increase to survive the product.
- Market & market research expenditure goes up.
- Prices came down due to stiff competition.

SATURATION

- Sales volume comes to standstill, however at high level.
- Competition at its peak.
- High promotional & distribution expenses.
- Profit begin to fall alongwith prices.

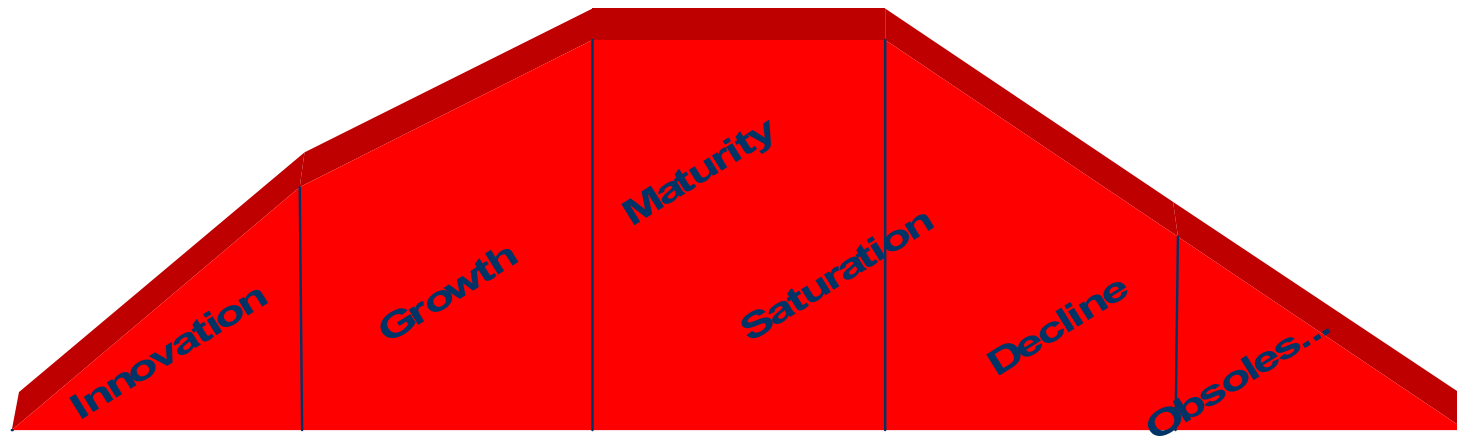
DECLINE

- Introduction of new products in the market.
- Sales go down inspite of best efforts.
- Reduction in price may be remedy for cost control and survival.

OBSOLESCENCE

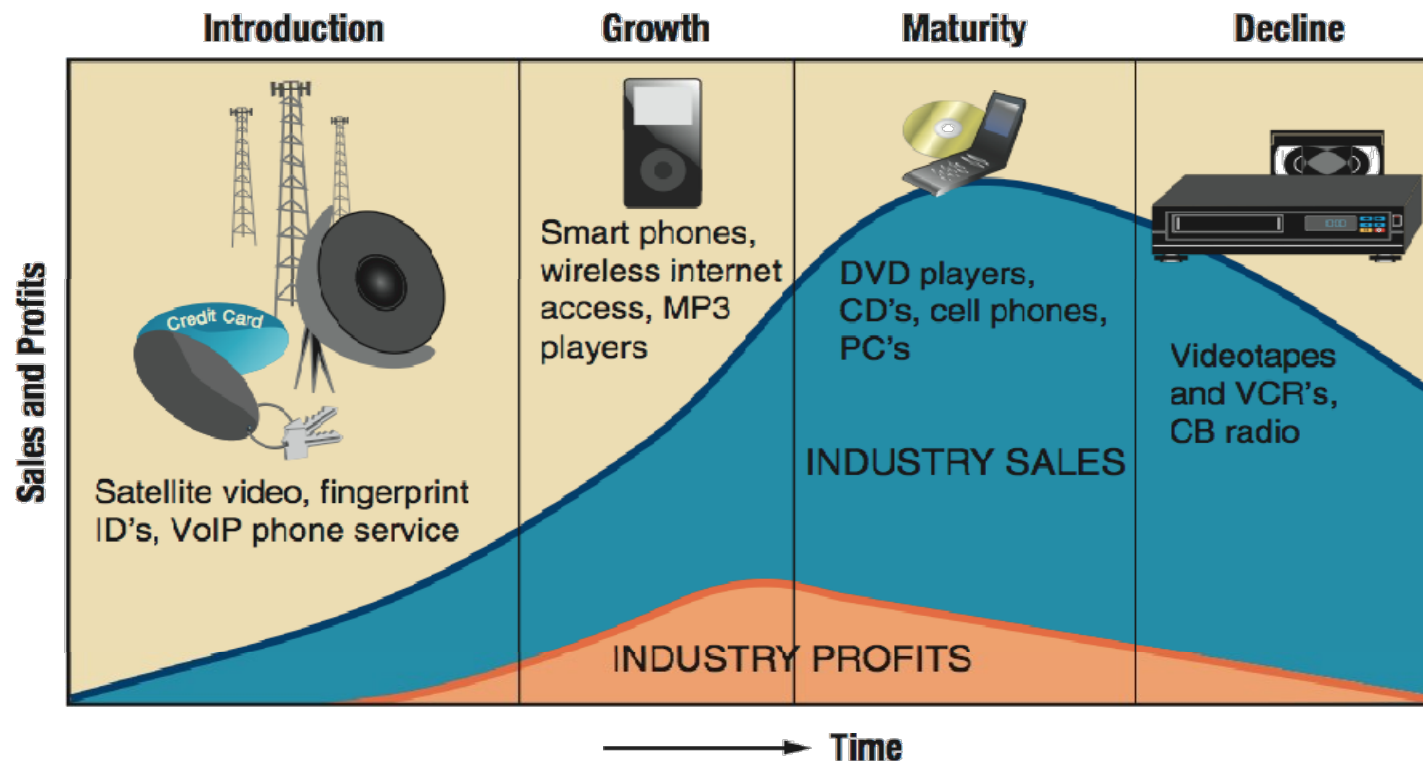
- Profits reduced to negligible point.
- Product dies out.
- New products are developed & introduced by the competitors.
- Remedy to stop the production and switch off to other product or market.

STAGES OF PLC



PRODUCT LIFE CYCLE IS PROGRESSION OF A PRODUCT FROM ITS INTRODUCTION TO ITS DECLINE.

Stages in the Product Life Cycle



FACTORS INFLUENCING PLC

- **ENTRY OF COMPETING PRODUCTS**
- **SPEED OR RATE OF TECHNOLOGICAL CHANGES**
- **SPEED OF MARKET ACCEPTANCE**
- **PROTECTION BY THE PATENTS**
- **ECONOMIC POWERS**

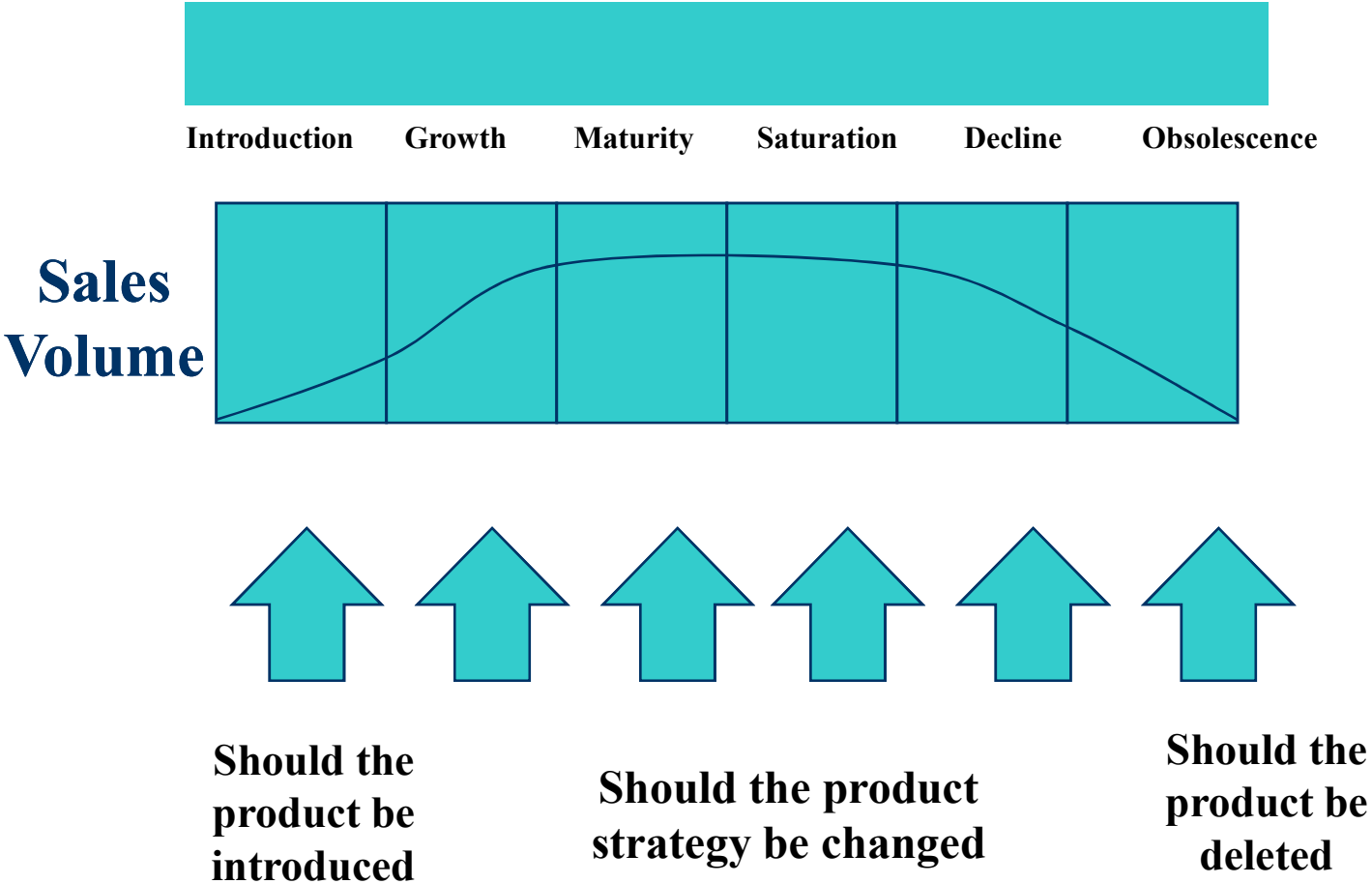
SCOPE OF PLC



UTILITIES OF PLC

- HELPS A MARKETER IN PRE-PLANNING ENTRY OF NEW PRODUCT IN MARKET HELPS IN MEETING COMPETITION
- HELPS TO TAKE LONG TERM DECISIONS ON INVESTMENT ON PRODUCTS
- AWARENESS ABOUT LIFE SPAN OF A PRODUCT.
- PROFIT ESTIMATION.
- PREPARING MARKETING PROGRAMMES
- FRAMING MARKETING STRATEGIES.

PRODUCT LIFE CYCLE AND RELATED DECISIONS



MARKETING STRATEGIES

- **INTRODUCTION LEVEL**
 - **RAPID OR SLOW SKIMMING STRATEGY**
 - **RAPID OR SLOW PENETRATION STRATEGY**
- **GROWTH LEVEL**
 - **INVEST IN MARKET DEVELOPMENT**
 - **PRODUCT MODIFICATION OR DIFFERENTIATIONS**
- **MARURITY LEVEL**
 - **MARKET MODIFICATION**
 - **PRODUCT MODIFICATION**
- **SATURATION LEVEL**
 - **MARKETING MIX MODIFICATION**
- **DECLINE LEVEL**
 - **IDENTIFYING WEAK PRODUCT**
 - **DETERMINING MARKETING STRATEGIES**
- **OBSOLESCENCE LEVEL**
 - **DROP - DECISION**

THANK YOU

