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Product Life Cycle

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Abstract

Product life cycle (PLC) is the cycle through which every product goes through from introduction to withdrawal or eventual demise. In business terms, The product lifecycle, in a marketing context, is all the stages of a product's life span that are related to its promotion and sales.The Product life cycle model is advantages in planning long-term offensive marketing strategies, particularly when markets and economies are stable.The product life cycle is generalized model depicted the unit sales trend of some narrowly defined product from the time it is first placed on the market until it is later removed by the firm. It can be approximate by the bell or S-shaped curve, which is divided into several stages or phases. In this paper the stages, benefit and problems of product life cycle is studied.

Key words: Market, Business, Product life cycle, Curve, Stages.

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Introduction

A product has a life of its own and goes through cycles. Although different products have different types of life cycles, the traditional product life cycle for most products.

The main stages of the product life cycle are:

- Introduction – researching, developing and then launching the product
- Growth – when sales are increasing at their fastest rate
- Maturity – sales are near their highest, but the rate of growth is slowing down, e.g. new competitors in market or saturation
- Decline – final stage of the cycle, when sales begin to fall

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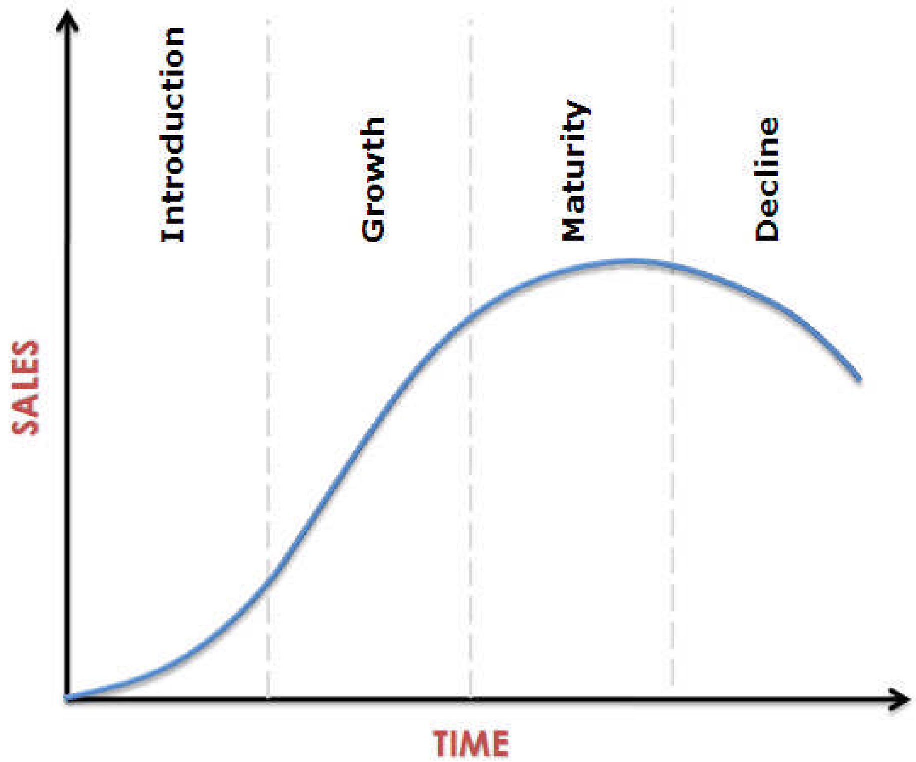

LITERATURE REVIEW

L Michelle Grantham (1997) Suggests that the efficacy of one particular marketing tool, the product life cycle model, has been questioned, by various writers in the academic and business press, with regard to the general applicability and validity of its assertions and the claim it makes to be able to predict the marketing strategies that should be applied at different stages of a product's life.

DM Gardner (1986)e studies are a uniquely useful tool for assessing the impact of human activities. These impacts can only be fully understood by assessing them over a life cycle, from raw material acquisition to manufacture, use, and final disposal. Life-cycle techniques have been adopted in industry and the public sector to serve a variety of purposes, including product comparison, strategic planning, environmental labeling, and product design and improvement**.**

Jim Riley (2012) describes the stages a product goes through from when it was first thought of until it finally is removed from the market. Not all products reach this final stage. Some continue to grow and others rise and fall.A branded good can enjoy

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continuous growth, such as Microsoft, because the product is being constantly improved and advertised, and maintains a strong brand loyalty.

A Corallo (2013) PLM has become more important in companies providing technologies and methodologies to manage data, information, and knowledge along the whole product lifecycle. He argued about PLM using a managerial or a technological view.

OBJECTIVE

- To analyse the overall performance of business.
- To manage the information, data and knowledge of product.
- To review the different phases of the product in marketing.

RESEARCH METHODOLOGY

The data is collected from secondary sources like economic times, Wikipedia etc.

STAGES OF PRODUCT LIFE CYCLE

Introduction Stage

This stage involves introducing a new and previously unknown product to buyers. Sales are small, the production process is new, and cost reductions through economies of size or the experience curve have not been realized. The promotion plan is geared to acquainting buyers with the product. The pricing plan is focused on first-time buyers and enticing them to try the product.

Growth Stage

In this stage, sales grow rapidly. Buyers have become acquainted with the product and are willing to buy it. So, new buyers enter the market and previous buyers come back as repeat buyers. Production may need to be ramped up quickly and may require a large infusion of capital and expertise into the business. Cost reductions occur as the business moves down the experience curve and economies of size are realized. Profit margins are often large. Competitors may enter the market but little rivalry exists because the market is growing rapidly. Promotion and pricing strategies are revised to take advantage of the growing industry.

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Maturity Stage

In this stage the market becomes saturated. Production has caught up with demand and demand growth slows precipitously. There are few first-time buyers. Most buyers are repeat buyers. Competition becomes intense, leading to aggressive promotional and pricing programs to capture market share from competitors or just to maintain market share. Although experience curves and size economies are achieved, intense pricing programs often lead to smaller profit margins. Although companies try to differentiate their products, the products actually become more standardized.

Decline Stage

In this stage buyers move on to other products and sales drop. Intense rivalry exists among competitors. Profits dry up because of narrow profit margins and declining sales. Some businesses leave the industry. The remaining businesses try to revive interest in the product. If they are successful, sales may begin to grow. If not, sales will stabilize or continue to decline.

Benefits OfProduct life cycle

Managers are always in need of predictive tools to help them navigate a seemingly chaotic market, and the Product life cycle model gives managers the ability to forecast product directions on a macro level, and plan for timely execution of relevant competitive moves. Coupled with actual sales data, the Product life cycle model can also be used as an explanatory tool in facilitating an understanding of past and future sales progression.The Product life cycle model is advantages in planning long-term offensive marketing strategies, particularly when markets and economies are stable.

PROBLEMS WITH THE PRODUCT LIFE CYCLE

While the product life cycle theory is widely accepted, it does have critics who say that the theory has so many exceptions and so few rules that it is meaningless. Among the holes in the theory that these critics highlight:

- There is no set amount of time that a product must stay in any stage; each product is different and moves through the stages at different times. Also, the four stages are not the same time period in length, which is often overlooked.

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- There is no real proof that all products must die. Some products have been seen to go from maturity back to a period of rapid growth thanks to some improvement or re-design. Some argue that by saying in advance that a product must reach the end of life stage, it becomes a self-fulfilling prophecy that companies subscribe to. Critics say that some businesses interpret the first downturn in sales to mean that a product has reached decline and should be killed, thus terminating some still-viable products prematurely.
- The theory can lead to an over-emphasis on new product releases at the expense of mature products, when in fact the greater profits could possibly be derived from the mature product if a little work was done on revamping the product.
- The theory emphasizes individual products instead of taking larger brands into account.
- The theory does not adequately account for product redesign and/or reinvention.

Conclusion

Product life cycle is the one through which every product is going from different stages i.e. introduction, growth, maturity and declining. It helps to provide the data, information and knowledge about the product to the business and having different advantages and problems regarding the product.

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