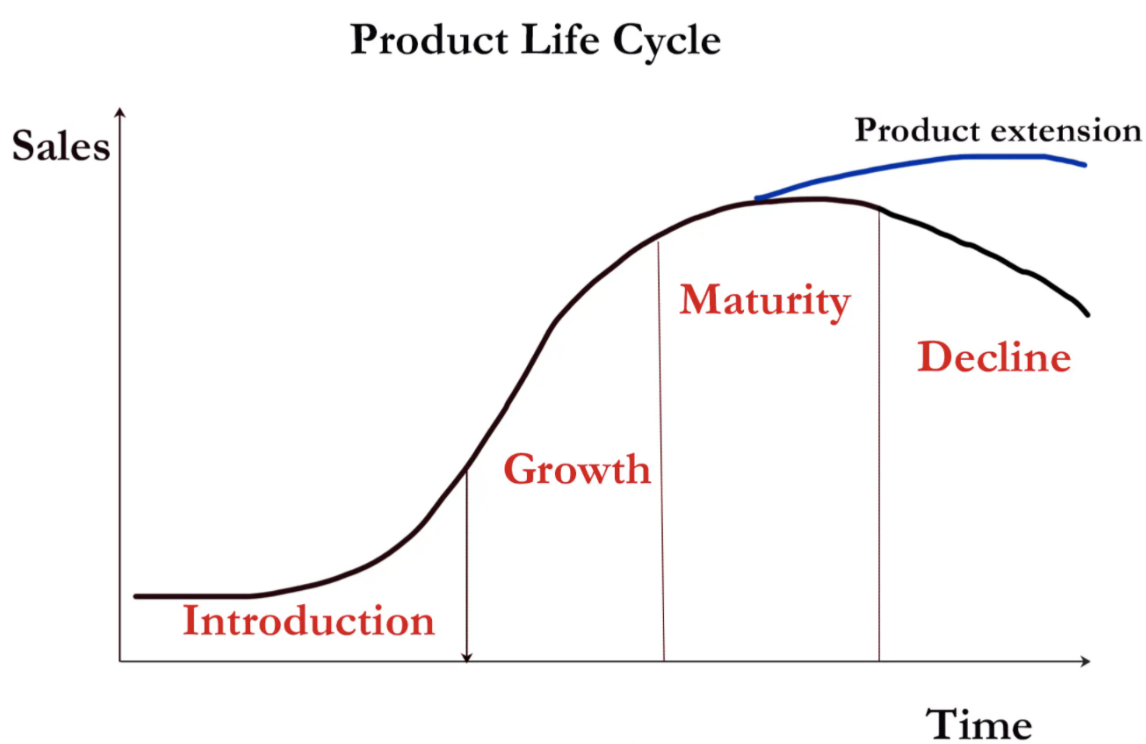
# Product Life cycle

**Definition**: The product life-cycle (PLC) refers to the different stages a product goes through from introduction to withdrawal.

The product life-cycle refers to a likely pathway a product may take. It has implications for the marketing strategy of a firm as it seeks to introduce, grow and maintain market share.




In this case, the product has four stages:

1. **Introduction** – when the product is introduced and struggles to gain brand recognition.
2. **Growth** – advertising and word of mouth helps the product to increase sales. As sales growth, more firms are willing to stock the product which helps the product to grow even further.
3. **Maturity** – When the product reaches peak market penetration.
4. **Decline** – the product gets eclipsed by new products

Let's consider an example product and discuss each stage of the product - **Cars**

1. ***Introduction* –** Self-driving cars. Self-driving cars are still at the testing stage, but firms hope to be able to sell to early adopters relatively soon**.**
2. **Growth –** Electric cars. For example, the Tesla Model S is in its growth phase. Electric cars still need to convince people that it will work and be practical. As there are more electric charging points and more people adopt, it becomes easier to sell to those who are more sceptical of new technology like electric cars**.**
3. ***Maturity* –** Ford Focus. The Ford Focus is a well-established car. It has a good brand reputation and has reached its peak level of market penetration. It would be difficult to gain a significantly greater market share. The product life cycle of the Ford Focus has been extended by constant upgrades and redesigns to keep the car on top of the market**.**
4. ***Decline* –** Diesel cars. Since governments have expressed concern at the level of pollution from diesel cars. Some cities have threatened to ban diesel cars within a few years. Sales have fallen considerably and the market for diesel cars may be in terminal decline**.**

A product life cycle is a conceptual map of where a product's sales are and where they may be headed. However, it has no input on what to do with the product. If a company believes its product is entering the decline phase, it will probably create a plan to either rejuvenate the product or cease production, but that is not inherent in the product life cycle.

By contrast, a project life cycle is all about action. In project life cycle examples, the business typically maps out the steps needed to complete a project with specific targeted results.

When you want to distinguish the stages of a product life cycle, look for steps that are planned out ahead of time instead of reached organically. There is some interrelationship between product life cycle and process life cycle, since different stages of a product's life may call for different plans.

# Other Useful Resources and Information

## Strategies and Limitations for Life Cycles

The product life cycle concept has limitations. Not every product follows a smooth, predictable bell curve from introduction to decline. A product may appear to be in the decline phase and enjoy a return to the maturity phase due to a competitor exiting the market or a successful project rejuvenation strategy.

With regards to project life cycle management, things tend to be much more clearly defined, but watch out for "scope creep." This is the tendency for projects to continually grow in breadth to the point where they never actually get completed. It's important to clearly distinguish the stages of a product life cycle so all involved understand when it is time to move from one step to the next.

### The usefulness of Product Life Cycle

In the different phases of the product life cycle firms, will need to concentrate on different aspects of marketing and sales

#### Introduction phase

- Raising product awareness through advertising / word of mouth.
- Offering the product at discount – penetration pricing to tempt customers to try the product.
- Target early adopters and influential market leaders. For example, firms may offer free product reviews to influential bloggers in the market.
- Firms need to find willing suppliers who are willing to stock.
- This phase will not be profitable because costs are high, but revenue relatively low.

### Growth

- Firms need to capitalise on growth to extend product sales from small retailers to big supermarkets.
- Firms can change marketing from niche areas to a more mass market.
- The firm can adapt to consumer feedback and offer new features/better consumer support.

### Maturity

- With peak market penetration, the firm may seek to increase prices to increase profitability. However, if the market is very competitive the firm may feel the need to keep prices low to defend market share.
- The firm may concentrate on seeking to improve the product to gain market differentiation and extend the period of maturity.

### Decline

- In the decline phase, the firm may feel it is best to let the product go – e.g. diesel cars cannot solve issues of pollution and damage to its brand reputation. However, with an iPhone, Apple let old models go, to be replaced by the next model. Declining and discontinuing the product can be a way to force customers to buy an upgrade – next time their contract expires.
- Managed decline by targeting a niche market. For example, vinyl records have declined, but now they have become a very profitable niche for record labels. Total sale revenues from vinyl are close to sale revenues from digital downloads because record companies can charge a premium price for the good.