

UNDERSTANDING PRODUCT LIFE CYCLE

Product Life Cycle and Product Development
Cycle

Product Life Cycle

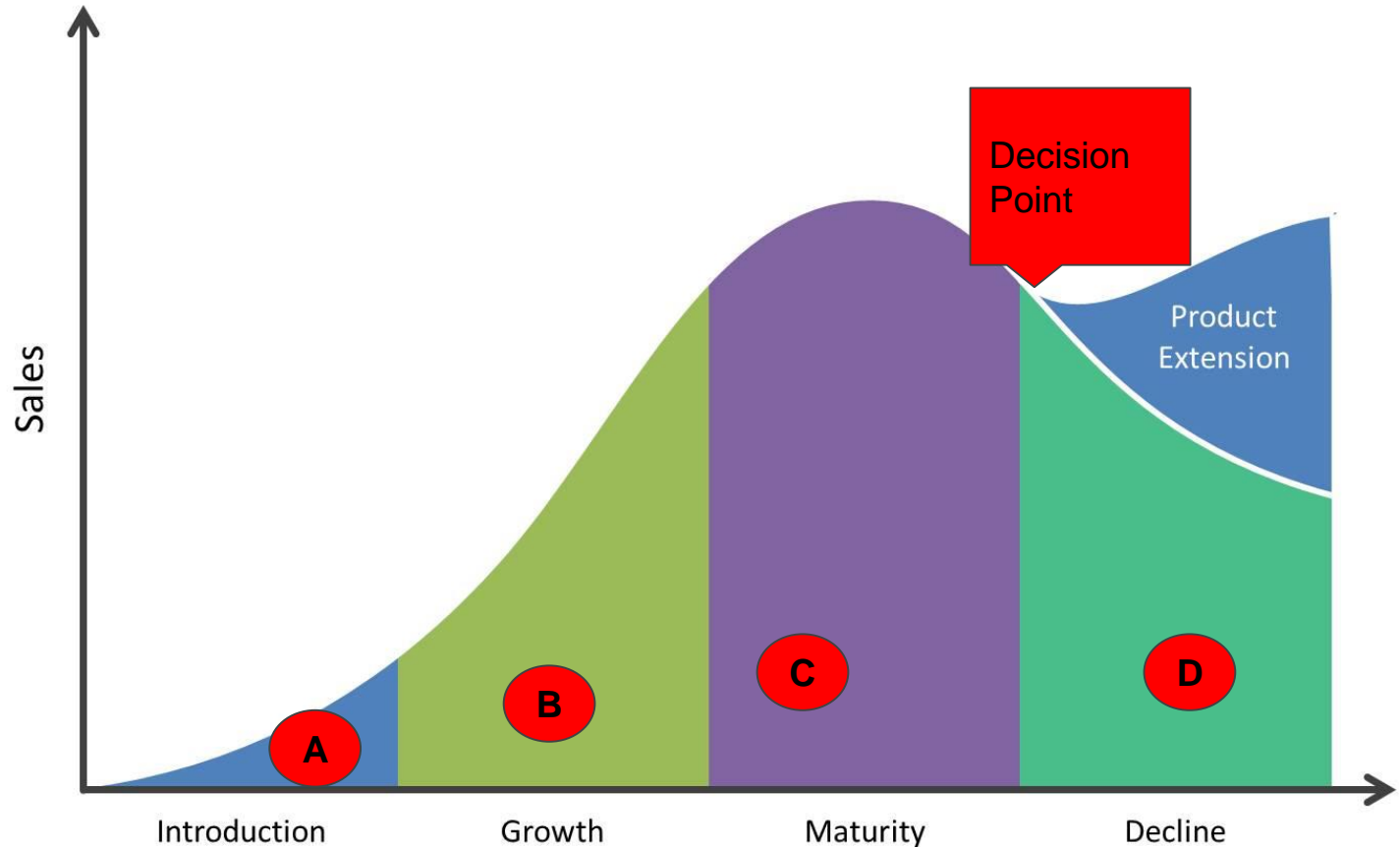
KEY

A-Introduction

B-Growth

C- Maturity

D- Decline



- Most times is the most expensive i.e cost of research and development, cost of consumer testing, cost of marketing and so on
- Market size is smaller here than growth and maturity stage
- Sales are lower than growth and maturity stage.

- Strong growth in sales and revenue because company can start to benefit from economies of scale
- Increase in user/customer base and demand
- Expansion in infrastructure
- The fight for consumer patronage also begins here most times.

2. Growth

- The first sign here is evidence of market saturation, especially from an originating company point of view
- Product is established and maintenance of market share
- Price competition becomes intense

3. Maturity

- Mainly characterized by a reduction in the market size due to different reasons e.g oversaturation, availability of cheaper alternatives etc.
- Competitors propose mergers and buy-outs at this stage
- More innovative products have been introduced to the market

4. Decline

Short vs Long Life Cycle

Google+



Some Ways To Avoid Decline

Repositioning a product

- Promoting frequent usage of the product among current users (frequent usage)
- Developing more varied usage of the product among current users (varied usage)
- Creating new users for the product by expanding the market (new users)
- Introducing new features
— (new uses).

Product Development Cycle

Product development cycle focuses on the planning, development and evaluation of a product



1. Idea



5. Rollout



2. Research and Development



3. Testing



4. Analysis

Calculating Product Growth Rate

$$\text{Growth Rate} = \frac{\text{Present} - \text{Past}}{\text{Past}} \times 100$$

$$\text{Average Growth Rate} = (\text{Present} / \text{Past})^{1/n} - 1$$

$$\text{Average Growth Rate \%} = \text{Answer} \times 100$$

Reference

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