

Week 2 : Theory.

Product Life Cycle (PLC)

What is Product Life Cycle (PLC)?

Product Life Cycle (PLC) is a model that illustrates how a product progresses through stages during its time on the market. It serves as a tool for businesses to understand how their products evolve and how to manage them efficiently. This concept plays a role in making decisions regarding product development, marketing strategies, pricing strategies, and distribution channels. In today's paced world of business and innovation, it is crucial to grasp the Product Life Cycle (PLC).

Key takeaways from Product Life Cycle (PLC):

- The PLC is a concept in marketing and product management that helps businesses plan strategically and make informed decisions about their products.
- This cycle represents the stages that a product goes through starting from its introduction to its decline in the market.
- Understanding these stages allows companies to adapt their strategies effectively maximizing profits and ensuring long-term success for their products.

Stages of Product Life Cycle (PLC)

1. Introduction

The introduction stage signifies the entry of a product into the market. The initial stage is typically associated with an increase in sales since it involves introducing the product to consumers. During this phase, businesses incur expenses for marketing and research and development (R&D) as they strive to raise awareness and stimulate demand for their product. Companies need to invest in marketing and create distribution channels to ensure that their product is easily accessible to customers. The objective is to establish a presence in the market and generate interest. During this phase, pricing strategies often revolve around two approaches:

- Penetration pricing, where a lower price is initially offered to gain market share,
- Skimming pricing, where a higher price is charged at first to recover development costs.

2. Growth

The growth stage witnesses a surge in sales as consumers become more aware of the product's existence and its advantages. This growth is fueled by word-of-mouth favourable reviews and effective marketing campaigns. In this phase, businesses strive to expand their market share by scaling up production and distribution. With the increasing demand, competition may intensify as new players try to capitalise on the opportunity. As the product gains recognition, pricing strategies might shift towards a competitive approach. Companies may also introduce variations or extensions of the product aimed at market segments.

3. Maturity

The maturity stage represents the peak of sales and market penetration for the product. Competition typically reaches its point during this period, and attention shifts from attracting customers to retaining existing ones. Price

stability and product differentiation become a feature of this stage. Ongoing marketing endeavours aimed at maintaining both market share and brand loyalty. Companies frequently make investments in improving their products, adding features, and implementing marketing campaigns to ensure their products remain relevant and competitive. Furthermore, they may explore opportunities in markets.

4. Decline

In the decline phase, sales of the product start to decrease due to changing consumer preferences, market saturation, or the emergence of alternatives. Companies must decide whether to discontinue the product or continue selling, it with marketing efforts. As existing inventory price reductions or discounts may be necessary, some companies may choose to reinvent or rebrand the product or find markets to extend its life cycle. Ultimately, the decision to withdraw or revive the product depends on its profitability and how well it aligns with the company's strategy.

Product Development Phases

Every product, that is being developed, has a series of steps that they go through, we call this the product development process. There are seven main phases to this process: conceive, plan, develop, iterate, launch, steady state, and then finally we either maintain or kill the product.

I) Conceive

This is the R&D stage for the idea generation for a particular problem or a set of problems. The ideas may come from different sources: user feedback, co-workers, competitors etc.

Collect users' problems, understand them and brainstorm solutions.

Collect users' problems, understand them and brainstorm solutions.

1. Identify the focus areas to work on.

2. Identify the focus areas to work on.

II) Plan

Market research is done on the ideas which are already accepted in the previous stage. These selected ideas are also called initiatives

1. Evaluate the different selected ideas or initiatives.
2. Look at the business case and see what goal is getting fulfilled.
3. Customers may be interviewed to understand whether the feature conceptualised solves the actual problem.
4. Build a roadmap of the different initiatives, how long it might take, and at what point a particular initiative should be built.

III) Develop/Execute

This is the stage where we get our hands dirty. We lay out the requirements and by the time dev team starts implementing these requirements should be set and shouldn't really change until we get some sort of validation from the previous iteration or sprint.

1. Make timelines and detail out the features that need to be built.
2. Write user stories and specs.
3. Give estimations after consulting with the Dev team.

IV) Validate

Once an early prototype or MVP, Minimum Viable Product, of the product or service is developed, it's time to test it with the real customers.

1. Test the assumption made with the MVP.
2. Get early feedback from the users by using alpha and beta testing.

V) Launch

Deciding when, how and where to launch the product will determine its early impact on the market. This may determine the early success of the product.

1. Work with the marketing & sales, legal and PR team to position the product for public launch.
2. Develop & implement a Go-To-Market (GTM) strategy to help potential customers discover the product and eventually purchase it.

VI) Post Launch

We either hold the product in a steady state or continue iterating on it based on the customer feedback & our analysis.

1. Collect metrics on how people using the product.
2. Keep optimizing the product based on the analysis done.
3. Assess continued efforts to see how likely is the growth to keep moving forward.
4. Marketing & sales continue.

VII) Maintain or Kill

During this stage, we gather all the data we have collected and answer a few questions: how competitive the product is and what is the ROI.

Based on this, we decide whether to continue maintaining the product or kill it.

1. Follow sun-setting to kill the product. This is a slow transition to the end of life of the product.
2. Allow users to back up their data before the final shut down.

Killing off brands is not a popular or pleasant thought. It can be tough to admit that it's time to pull the plug, but we should do the needful to move up the ladder in the game.