



Design Thinking

Unit 4 –
Product
Lifecycle

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Product Lifecycle

- ⌘ The course that the product sales and profits take over its lifetime
- ⌘ It shows the stages that the product goes through from development to decline



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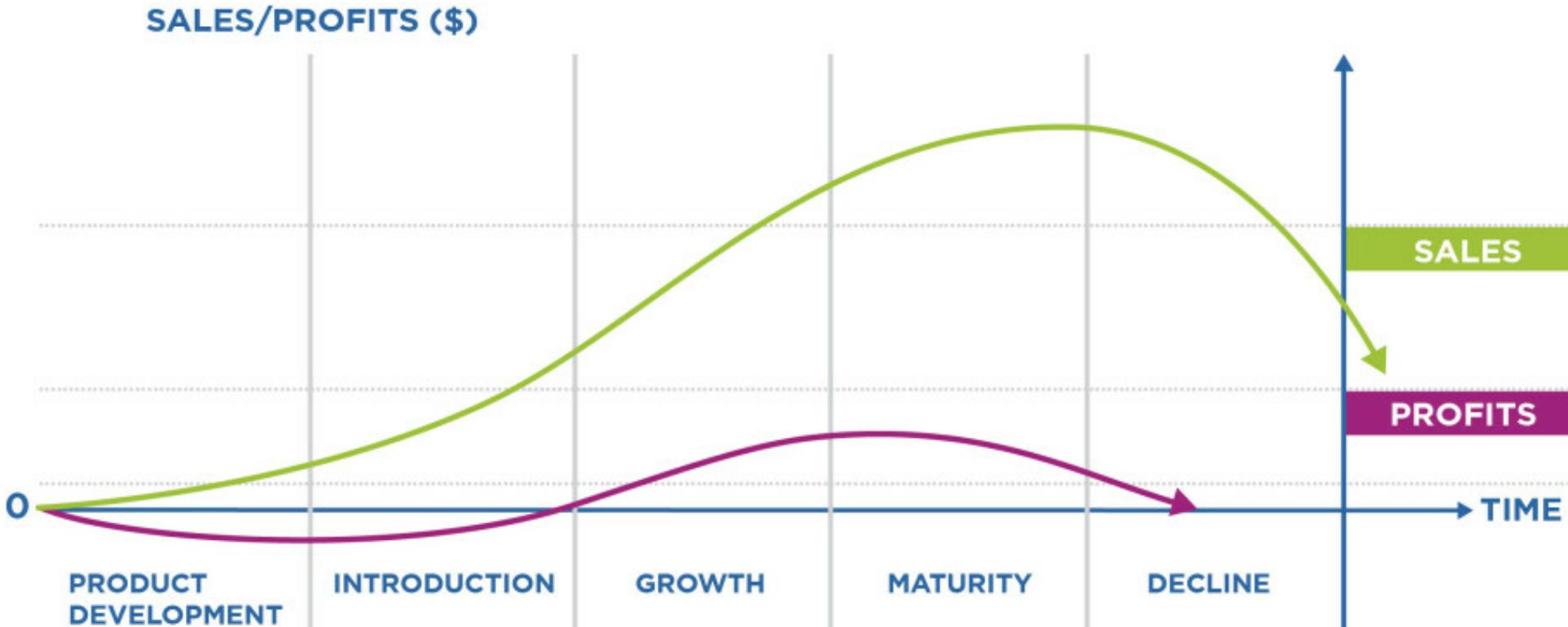
Why study Product Lifecycle

- ❑ PLC determines revenue earned
- ❑ Contributes to strategic marketing planning
- ❑ Helps the firm identify when a product requires support, redesign and withdrawal
- ❑ Helps plan for new product development
- ❑ Helps in forecasting and managing cash flow



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Product Lifecycle



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Phase 1: Product development

- ✉ New ideas
- ✉ Market survey requirement? Can it be produced at a profit?
- ✉ Product development and refinement
- ✉ Test marketing
- ✉ Analysis of test marketing results
- ✉ Preparation for launch, publicity, marketing campaign



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Phase 2: Introduction/ Launch

- ✉ Introduction of the product into the market
- ✉ It may be new or old product to a new market
- ✉ Demand is low/ Profits are negative
- ✉ High cost per customer/ low sales
- ✉ Advertisement and promotion required
- ✉ Monitor initial sales
- ✉ Marketing objectives: Create product awareness & trial



Phase 3: Growth

- ☒ This period is the time to improve efficiency and product availability as well as service
- ☒ Cost efficiency, time-to market, pricing and discount policies are factors in gaining customer confidence
- ☒ Increased consumer awareness
- ☒ Sales growth rate increases because of limited or no competition
- ☒ Revenue increases



Phase 4: Maturity

- ☒ This period is the period of highest returns from the product
- ☒ Sales reach peak
- ☒ Marketing cost of the product declines
- ☒ Ratio of revenue to cost high
- ☒ Sales growth likely to be low
- ☒ Competition likely to be greater
- ☒ Monitor market-changes/ New strategies

Phase 5: Decline

- ☒ Competitors enter the market with better product features, advanced technology, reduced prices
- ☒ Sales start declining
- ☒ Marketing cost of product rises
- ☒ Decision to withdraw may be dependent on availability of new products and whether fashions/ trends will come around again?



Sales, Costs, Profits, Marketing

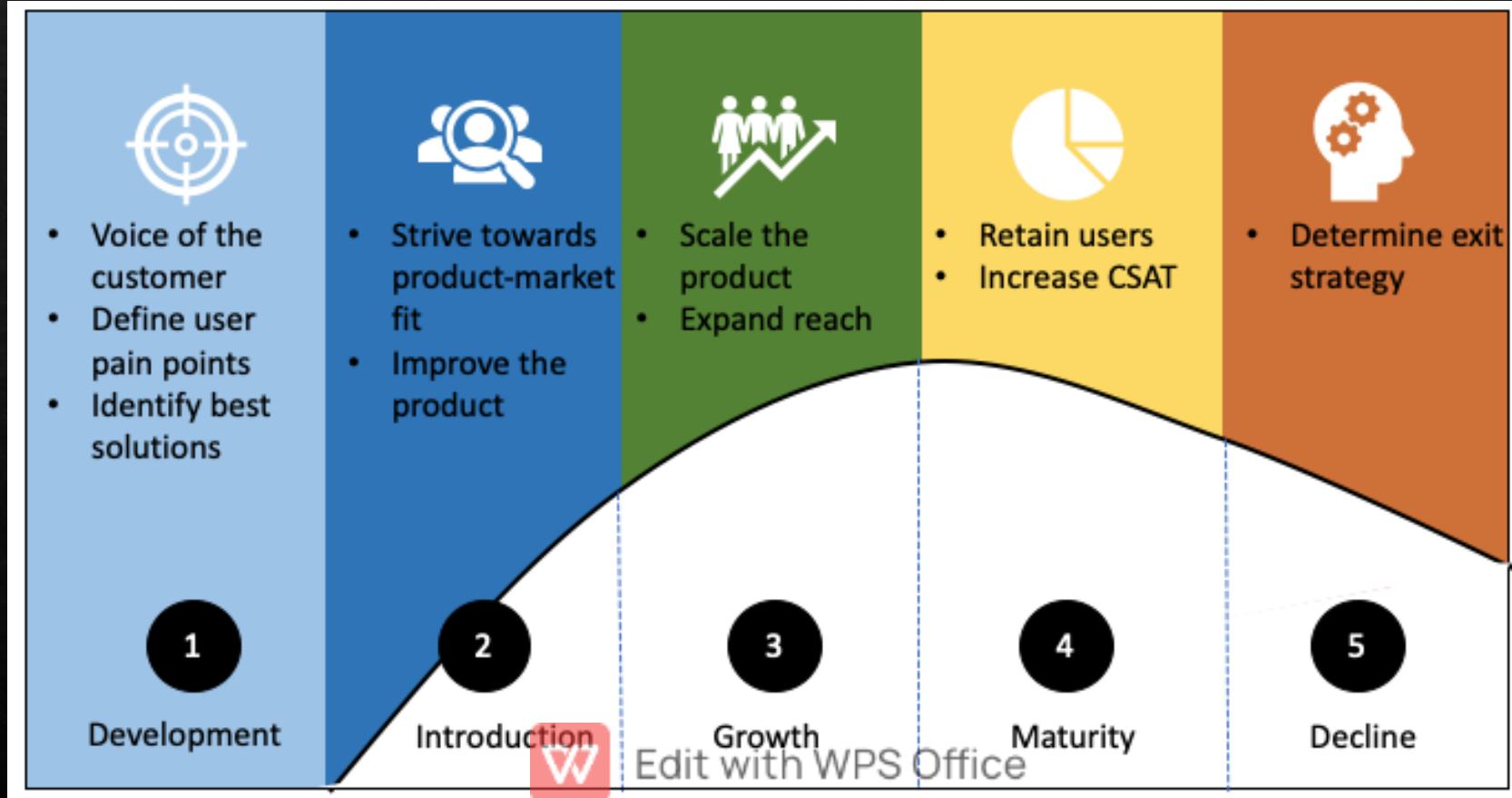
Phase	Sales	Cost per customer	Profits	Marketing Objectives
Introduction	Low	High	Negative	Create product awareness and trial
Growth	Rapidly rising	Average	Rising	Maximize market share
Maturity	Peak	Low	High	Maximize profits while defending market share
Decline	Declining	Low	Declining	Reduce expenditure and milk the brand



Strategies based on Product lifecycle

- ☒ Product
 - ☒ Introduction – Offer basic product
 - ☒ Growth – Offer product extension, service, warranty
 - ☒ Maturity – Diversify brands/ models
 - ☒ Decline – Phase out weak products
- ☒ Price, Distribution, Advertising, Sales promotion

Product manager's role at each stage



Life-cycle assessment



This is used for estimating the impact of the product on the environment to assess sustainability.

