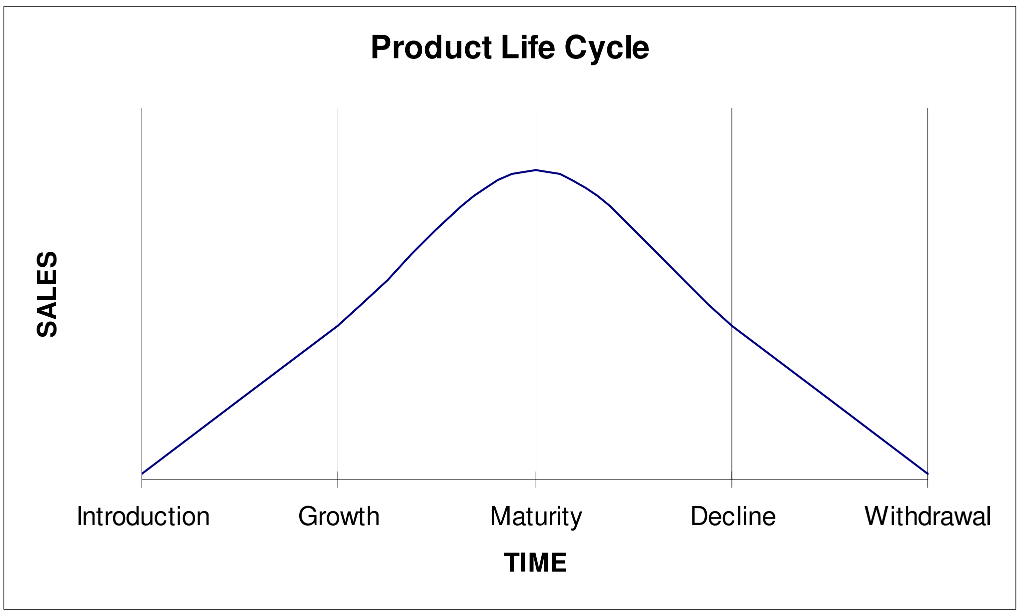
The Product Life Cycle

A product needs different marketing items at different points in the Product Life Cycle (PLC). The PLC is based upon the biological life cycle and presented as a Bell curve. In theory, the biological life cycle is similar for a product's life cycle.

After a period of development the product is introduced or launched into the market; it gains more customers as it grows; eventually the market stabilizes and the product becomes mature. After a period of time the product is overtaken by development and the introduction of superior competitors, it goes into decline and is eventually withdrawn. However, most products fail in the introduction phase. Others have very cyclical maturity phases where declines see the product promoted or remarketed to retain or regain customers.



Strategies for the differing stages of the Product Life Cycle:

Company/ Product Introduction

With start-up and or investment capital the need for immediate profit is not a pressure. The Company/Product materials are designed and promoted to create awareness within a defined group. If the product has no or few competitors, a strategy is employed with limited numbers of product available in few channels of distribution.

Company/ Product Growth

Company/Product awareness is created, possibly using a Push/Pull Strategy*. Advertising spending will increase and focus upon building brand. Demand grows.

Competitors are attracted into the market with similar offerings. Products and companies form alliances, joint ventures and takeovers. Market share tends to stabilize.

Product Maturity

Products that survive the earlier stages of Introduction and Growth tend to spend longest in the Maturity phase. Sales grow at a stabile rate. Producers attempt to differentiate products and brands are key to this. Price wars and intense competition occur. At this point the market reaches saturation, decreasing sales growth. Producers begin to leave the market due to poor margins; promotion becomes more widespread using a greater variety of media.

Decline

At this point there is a downturn in the market. For example more innovative products are introduced and/or consumer tastes have changed. There is intense price-cutting and many more products are withdrawn from the market. Profits can be improved by reducing marketing spend and cost cutting.

Your Actual Product Life Cycle

In reality very few products follow the example life cycle exactly. The length of each stage varies enormously based on the industry, type of product and business environment. The decisions of marketers can also change the stage, for example from introduction to growth by aggressively branding. Not all products go through each stage; some go from introduction to decline.

While clearly, a new product is in the introduction phase, it is not always easy to tell which stage a product is in, or should be in, and what decisions to make for the most beneficial outcome. This is the reason; research, market analysis and strategy are so important to determine marketing and branding tactics.

About the Author

David Hickman is a Partner at The Still and has over 25 years of marketing and advertising agency experience. He has directed several national ad agencies in New York and Atlanta as a Vice-President, Creative Director, Art Director or Marketing Director.

About The Still
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