Product Life Cycle

According to Philip Kotler, “The Product life-cycle is an attempt to recognize distinct stage in the sales history of the product. It is the succession of strategies used by business management as a product goes through its life cycle.

Stages of Product Life Cycle

1. Introduction Stage

- **Description:** The product is launched into the market for the first time. Awareness is low, and sales grow slowly.
- **Marketing focus:** Create awareness and attract early adopters.
- **Characteristics:**
  – High marketing and promotion costs
  – Low or negative profits
  – Limited distribution
  – Product testing and feedback collection
- **Strategies:**
  – Heavy advertising and promotion
  – Penetration or skimming pricing

2. Growth Stage

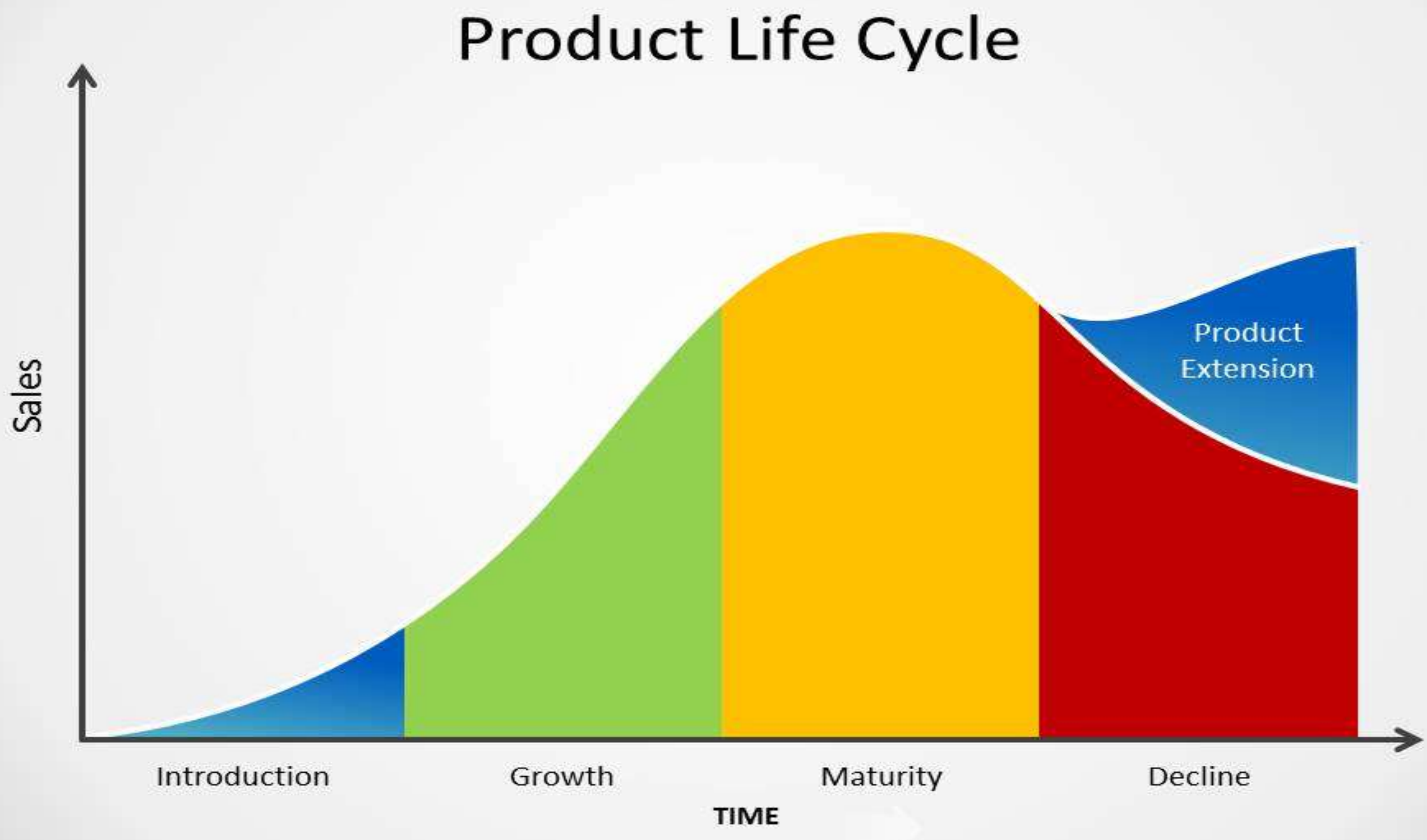
- **Description:** The product gains acceptance, sales rise rapidly, and profits improve.
- **Marketing focus:** Build brand preference and increase market share.
- **Characteristics:**
  - Increasing sales and profits
  - Growing competition
  - Product improvements and variations
  - Expansion of distribution channels
- **Strategies:**
  - Improve product quality
  - Broaden distribution
  - Competitive pricing

3. Maturity Stage

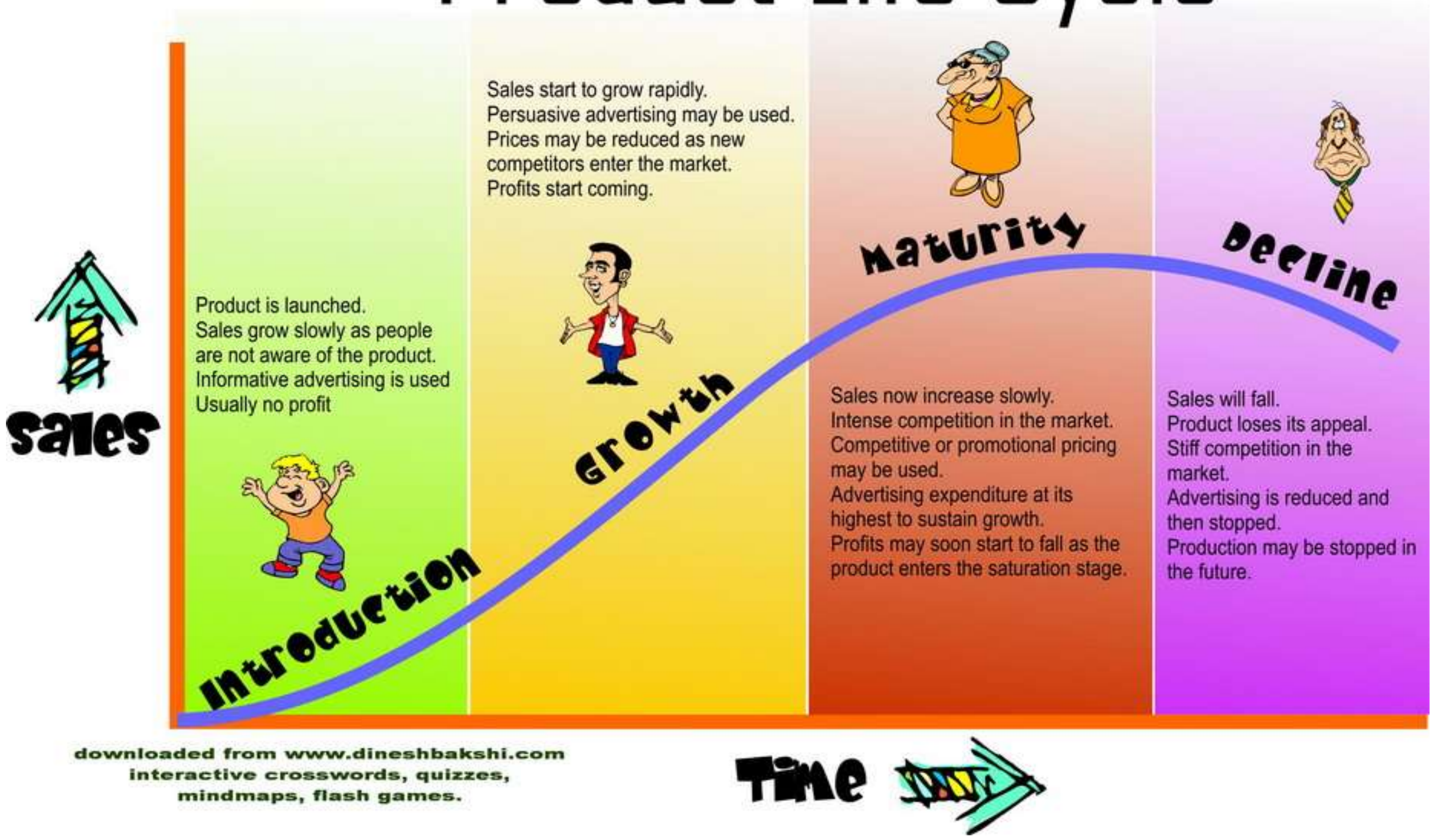
- **Description:** The product reaches peak market penetration. Growth slows, and competition intensifies.
- **Marketing focus:** Defend market share and differentiate the brand.
- **Characteristics:**
  - Sales peak and then stabilize
  - Price competition increases
  - Profit margins narrow
  - Market saturation occurs
- **Strategies:**
  - Product diversification or modification
  - Promotional offers to retain customers
  - Finding new market segments

4. Decline Stage

- **Description:** Sales and profits decline due to changing customer preferences, new technologies, or competition.
- **Marketing focus:** Decide whether to rejuvenate, harvest, or discontinue the product.
- **Characteristics:**
  - Falling sales and profits
  - Reduced marketing support
  - Product discontinuation possible
- **Strategies:**
  - Reduce costs and simplify product lines
  - Find niche markets or export opportunities
  - Phase out or replace with new innovation


Product Life Cycle
Sales
Product
Extension
Introduction
Growth
Maturity
Decline
TIME

Product Life Cycle



Marketing Strategies of PLC

1. Introduction Phase

i. Rapid Skimming Strategy

ii. Slow skimming strategy

iii. Rapid penetration strategy

iv. Slow penetration strategy

2. Growth phase

3. Maturity phase

4. Decline phase

Benefits / Importance of Product Life cycle

1. Planning
2. Proactive Approach
3. Better and More efficient product
4. Helps in forecasting
5. Helps in producing product with superior quality
6. Development of new products