

THE PRODUCT LIFE CYCLE

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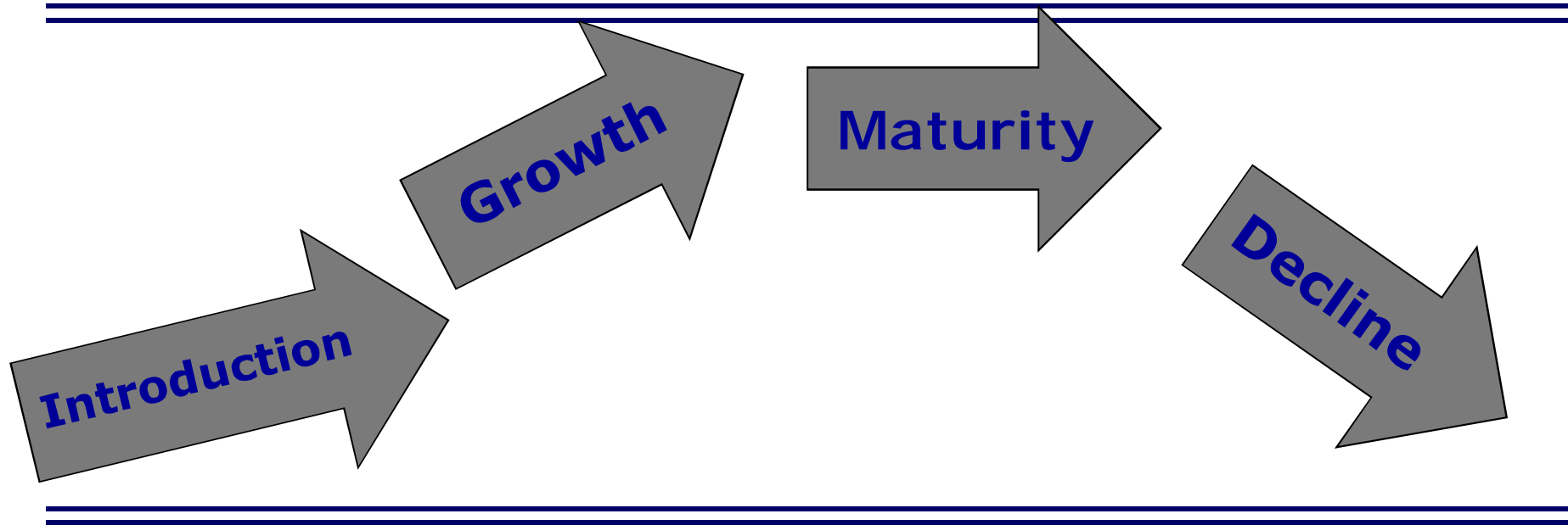
Agricultural Marketing

Jaipur

Chairman NIAM Incubation Center



Product Life Cycle



Stage 1: Introduction

□ Stage 1: Introduction

- Occurs when product first enters marketplace
- Promoting consumer awareness
- Getting customers to try new product
- Millions of dollars spent to educate consumers
- Major task: getting product in the marketplace



Stage 2: Growth

□ Stage 2: Growth

- More competitors enter the marketplace
- Adding distribution outlets
- Product improves:
 - adding flavors, features, etc.
- Improved to stay competitive
- Sold in more locations



Stage 3: Maturity Stage

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 - ▣ Sales begin to slow down for the product
 - ▣ Repeat customers stop buying the product
 - ▣ Attracting new buyers is a challenge
 - ▣ Product has reached its peak

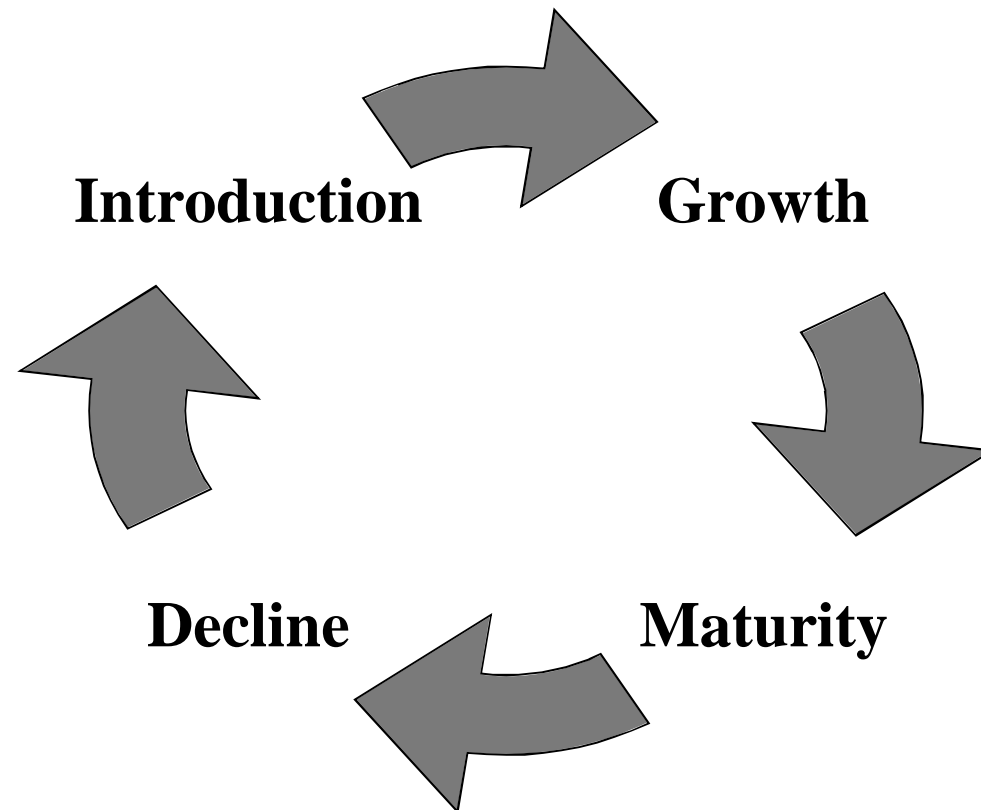


Stage 4: Decline

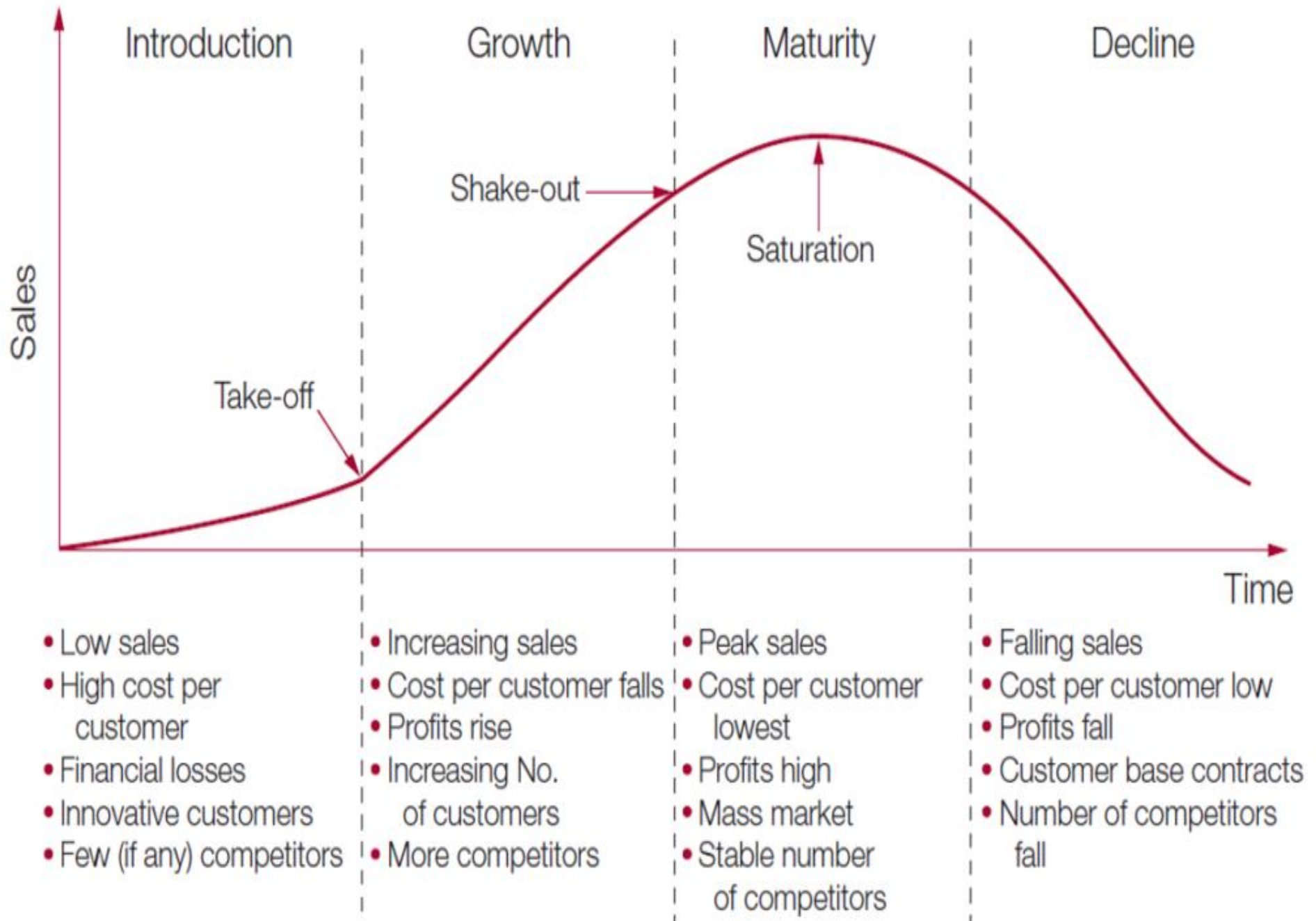
- **Stage 4: Decline**
 - Sales and profits drop
 - Little to no marketing support
 - Product may be dropped by company
 - There is no longer a demand for the product



The Product Life Cycle Review



The 4 Life Cycle Stages and their Marketing Implications



The Product Life Cycle Concept is Based on Four Premises

Products have a limited life.

Profits from a product vary at different stages in the life cycle.

Product sales pass through distinct stages, each with different marketing implications.

Products require different strategies at different life cycle stages.

The Diffusion Process

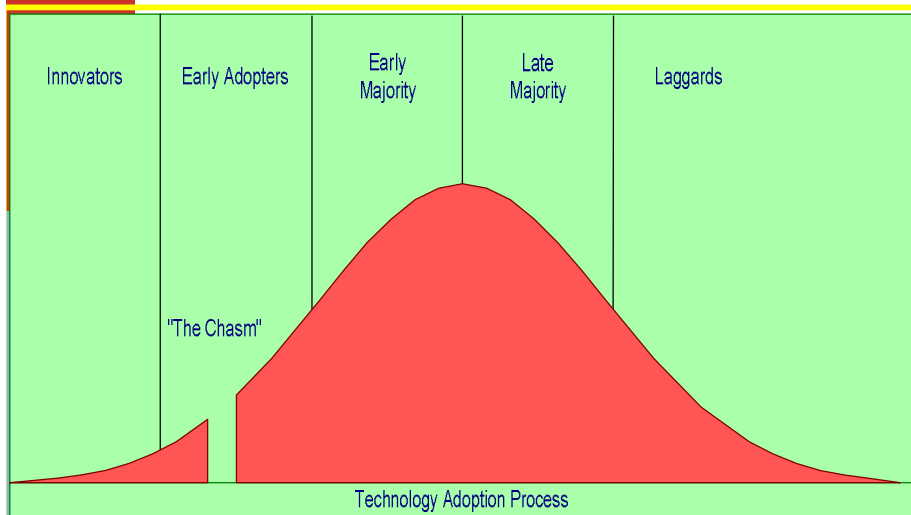
**Innovators
(2.5%)**

**Early Adopters
(13.5%)**

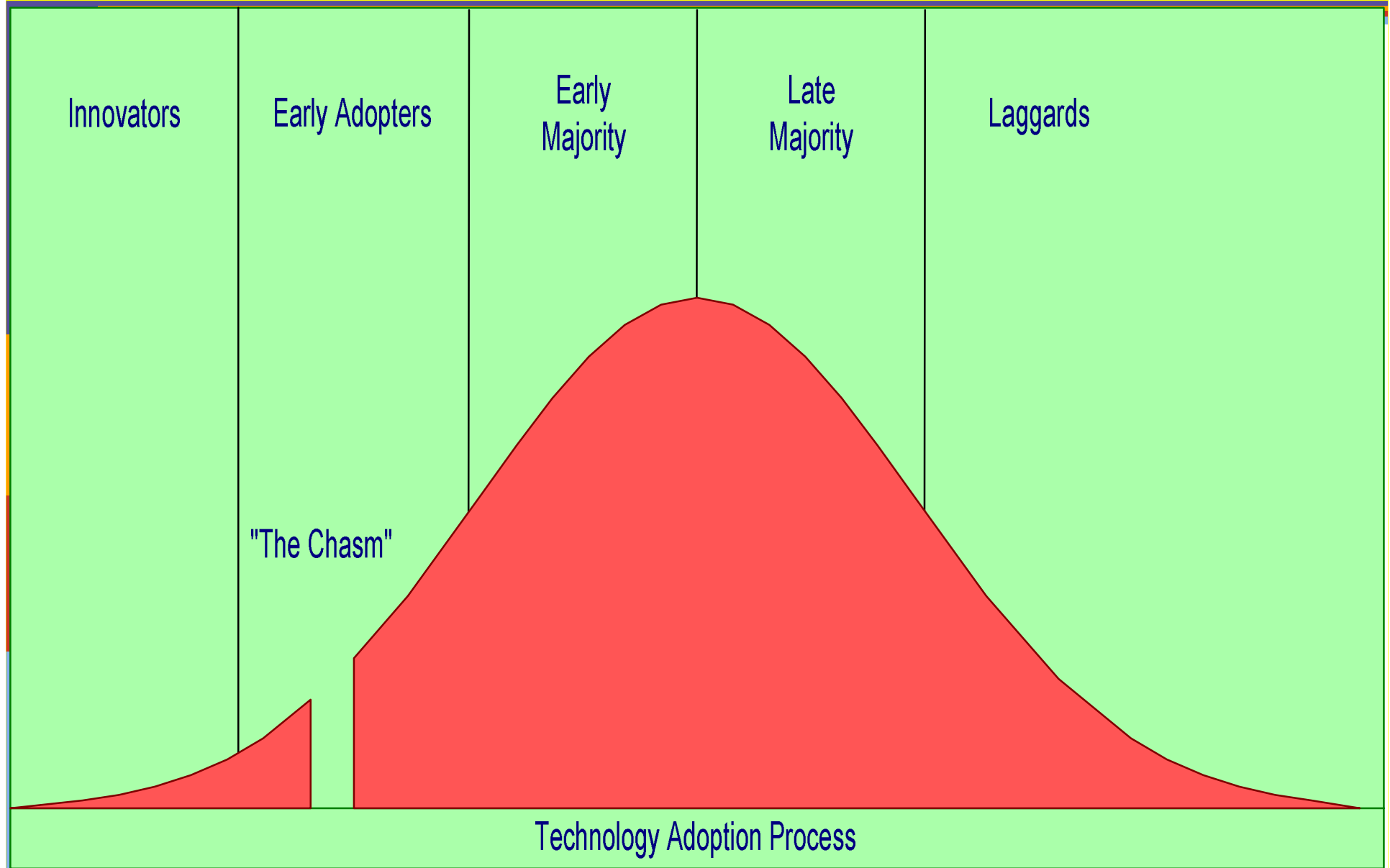
**Early Majority
(34%)**

**Late Majority
(34%)**

**Laggards
(16%)**



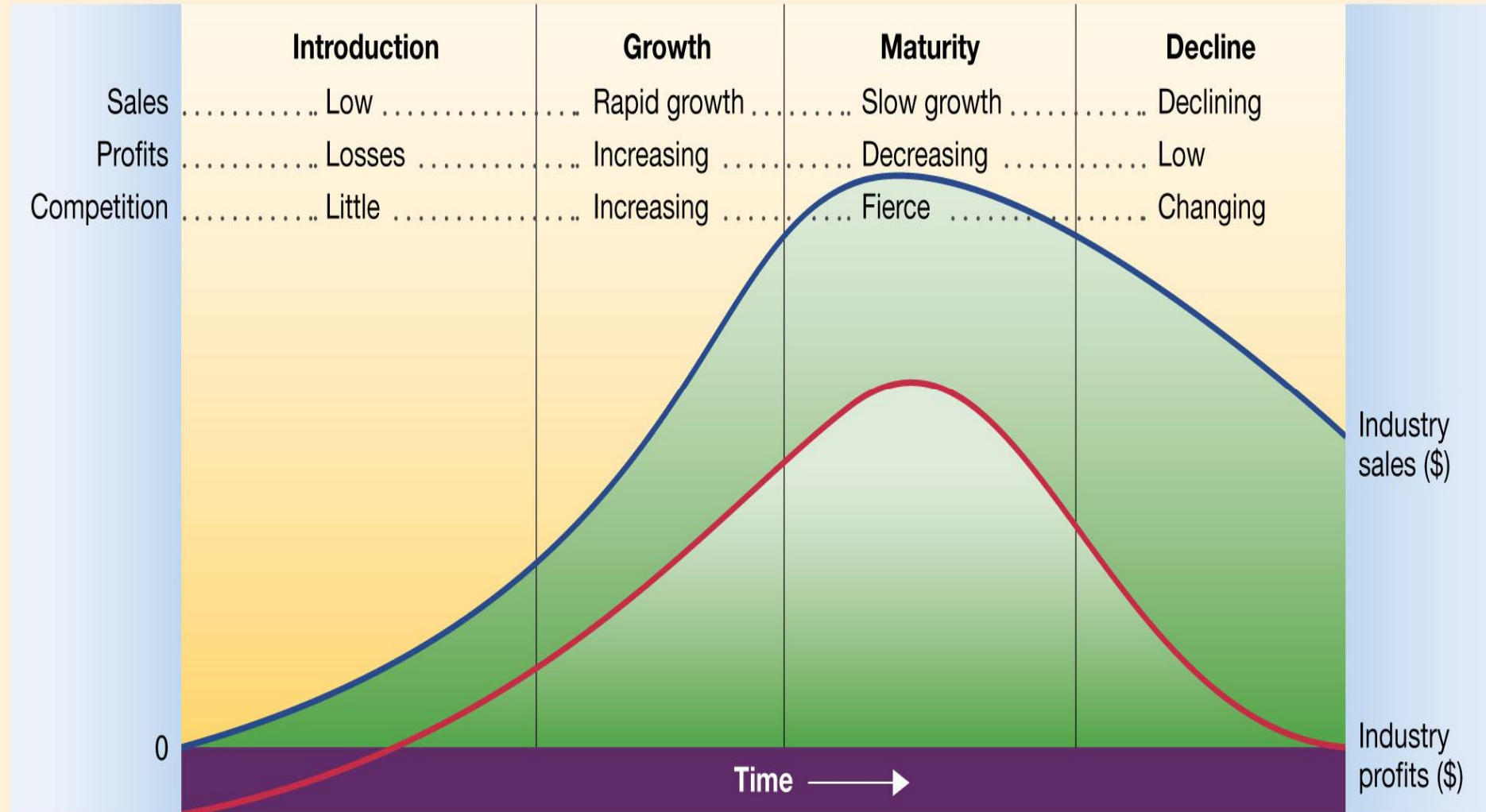
The Diffusion Process



PLC Stages and Characteristics

Exhibit 10-5

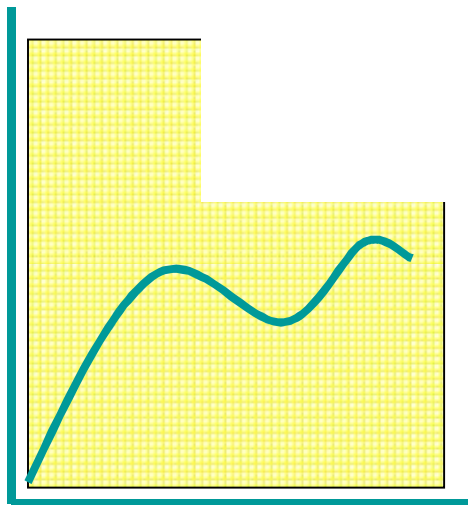
PLC stages and characteristics



PLC Length and Shape

Style

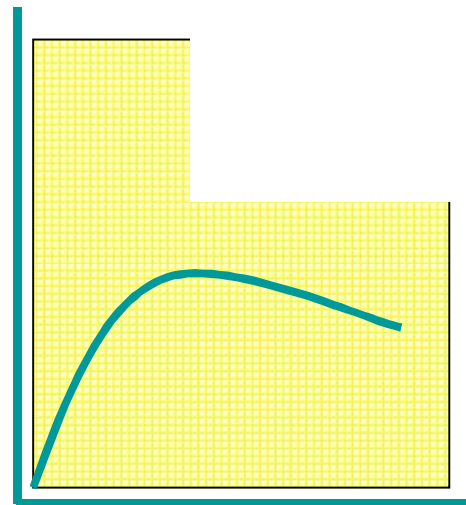
Sales



Time

Fashion

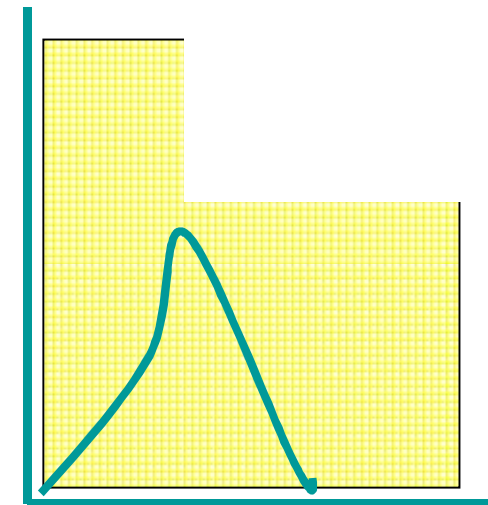
Sales



Time

Fad

Sales



Time

What about agri-product?

PLC Marketing Strategies

Stage	Objective	Marketing Strategy
Introduction	Awareness & trial	Communicate benefits
Growth	Usage of firm's brand	Specific brand communication, lower prices, expand distribution
Maturity	Maintain market share Extend life cycle	Sales promotion, drop price, expand distribution, new uses & new versions of product
Decline	Decide what to do with product	Maintain, harvest, or divest



Limitations of the PLC

1. The life cycle concept applies best to product forms rather than to classes of products or specific brands.
2. The life cycle concept may lead marketers to think that a product has a predetermined life, which may produce problems in interpreting sales and profits.
3. It is only a descriptive way of looking at the behavior of a product and the life cycle can not predict the behavior of a product.

Manage the Life Cycle

□ Product Modification:

- Changing a product's characteristics
 - package, features, appearance, quality
- Companies market this "new" product to increase sales

□ Market Modification:

- Strategy to find new customers
 - Modify the product to create new target market
- Encourage current customers to use the product more

□ Repositioning:

- Change product's image in relation to competitor's image
- A change in any of the 4 P's (Marketing Mix)

Star Wars Product Life Cycle Example



- Introduction-Star Wars released in 1977
- Growth-More movies made from 1st one
- Maturity-Sales slow after third movie
- Decline-New generation does not care for movies

Class Activity

- Take a related agriculture product through the 4 stages of the Product Life Cycle:
 - Introduction
 - Growth
 - Maturity
 - Decline



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