

PRODUCT LIFE CYCLE

Lexics

- ❑ **To find out** (verb) – to get some knowledge, information;
 - ❑ **Distinct** (adj.) – definite, clear;
 - ❑ **Decline** (noun) – falling off, regression;
 - ❑ **Maturity** (noun) – experience, reliability;
 - ❑ **Volume** (noun) – quantity, amount;
 - ❑ **Awareness** (noun) – recognition, knowledge;
 - ❑ **Counter-optimal costs** - costs added to enhance the product sales do nothing to improve the sales. They simply decrease the profit.
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The importance of PLC

- The key concept in market selection and product planning is the product life cycle.
 - Companies can make better marketing decisions if they find out where each of their products stands in its life cycle.
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Definition

- ❑ **Product life-cycle** is the series of strategies used by business management as a product goes through its life-cycle.
 - ❑ The conditions in which a product is sold changes over time and must be managed.
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Products have such features as:

- Products have a limited life,
 - Product sales pass through distinct stages, each has different problems to the seller,
 - Products require different marketing, financing, manufacturing, purchasing, and human resource strategies in each life cycle stage.
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The four main stages of a product's life cycle

- introduction,
 - growth,
 - maturity,
 - decline.
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Stage

Characteristics

1. Market introduction stage

- 1.costs are very high
- 2.slow sales volumes to start
- 3.little or no competition
- 4.demand has to be created
- 5.makes no money at this stage

2. Growth stage

- 1.sales volume increases significantly
 - 2.profitability begins to rise
 - 3.public awareness increases
 - 4.competition begins to increase with a few new players in establishing market
 - 5.increased competition leads to price decreases
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3. 1.costs are lowered
Maturity 2.sales volume peaks
stage 3.increase in competitors entering the market
 4.prices tend to drop

4. 1.costs become counter-optimal
Decline 2.sales volume decline
stage 3.prices, profitability reduce
 4.profit becomes more a challenge of
 production/distribution efficiency than
 increased sales
