

# **Govt. Degree College for Men Srikakulam**

**Dept. of Commerce & Management**

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**MARKETING**

# Product Life Cycle



# **Definition**

**According to Phillip Kotler :**  
**“The product life-cycle is an attempt to recognize distinct stage in the sales history of the product”.**

# Introduction

**The concept of product life cycle (PLC) is used by marketers to design a series of strategies for dealing with each and every stage, the product passes through. For a product, market conditions change with the change of its position in the PLC, therefore, it must be managed through effective strategies.**



# Stages of Product Life Cycle

1. Introduction stage
2. Growth stage
3. Maturity stage
4. Decline stage



# 1. Introduction Stage

Introduction stage is the stage at which product is introduced into the market. This stage is characterized by presence of slow sales growth. There is no scope of profit generation, as it takes time to balance the product launch expenses with its sales. Among the different stages of the PLC, the introduction stage is the most costly stage as it consumes a large amount of investment.

## **2.Growth Stage**

The growth stage is typically characterized by a strong growth in sales and profits, and because the company can start to benefit from economies of scale in production, the profit margins as well as overall amount of profit, will increase. This makes it possible for business to invest more money in the promotional activity to maximize the potential of this growth stage.



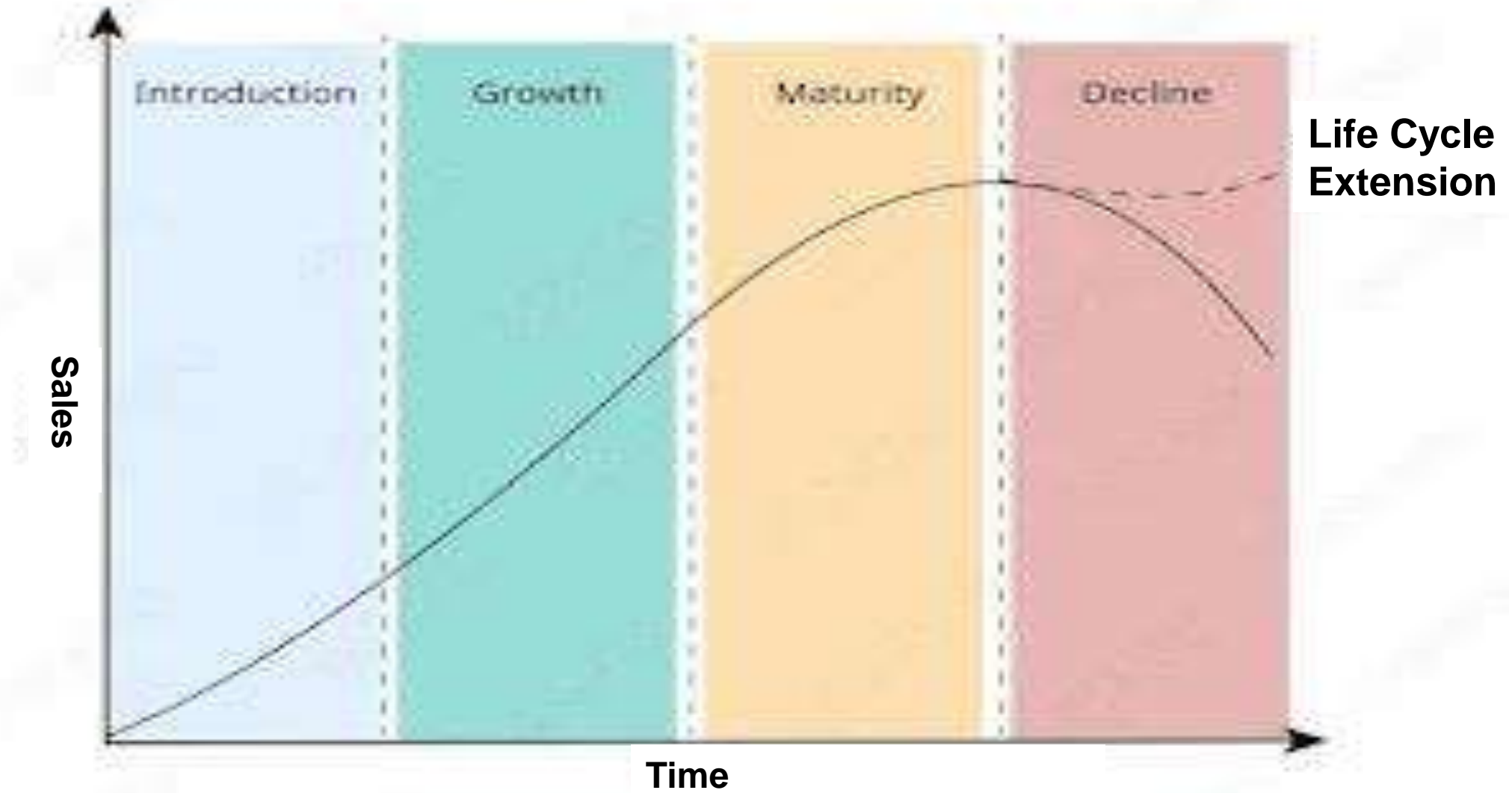
### **3.Maturity Stage**

**In maturity stage, a level of maturity is reached in a product's sale as it has now been accepted by most target customers. The profit generated by the product is stabilized or may decline due to enhanced competition. In this stage, the main objective of marketers is to sustain the market share that the product has built up. This stage is the most crucial stage in any product life cycle, and the marketers need to make wise and mature decisions regarding marketing of the product.**

## 4. Decline Stage

This stage is marked by sales going down and profits decreasing slowly. Here, the product loses its position and makes a way for a new product to enter into the market. In this stage, the market share of the product starts decreasing, and that is why, it is called decline stage. This decline could be because (i.e., all the consumers who will buy the product have already purchased it.) or due to the switching of consumers towards a different product.

# Product Life Cycle



# Characteristics of Different Stages in Product Life Cycle

Characteristics	Introduction	Growth	Maturity	Decline
Marketing objective	Attract innovators and opinion leaders to new product	Expand distribution and product line	Maintain differential advantage as long as possible	Cut back revive or terminate
Industry sales	Increasing	Rapidly increasing	Stable	Decreasing

<b>Competition</b>	<b>None of small</b>	<b>Some</b>	<b>Substantial</b>	<b>Limited</b>
<b>Industry Profits</b>	<b>Negative</b>	<b>Increasing</b>	<b>Decreasing</b>	<b>Decreasing</b>
<b>Product Mix</b>	<b>One or two basic models</b>	<b>Expanding line</b>	<b>Full product line</b>	<b>Best sellers</b>
<b>Distribution</b>	<b>Depends on product</b>	<b>Rising number of outlets</b>	<b>Greatest number of outlets</b>	<b>Decreasing number of outlets</b>



# **Importance of PLC**

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- 1. Planning.**
- 2. Proactive approach.**
- 3. Helps in Sales forecasting.**
- 4. Helps in Price determination.**
- 5. Development of New Product.**
- 6. Comparison of Different Products.**
- 7. Helps in Eliminating Defeated Products.**



**THANK YOU**