

# *Life-Cycle Strategies*

# Learning Goals

- 1. Know the stages of the product life cycle**
- 2. Realize how marketing strategies change during the product's life cycle**

# Product Life-Cycle Strategies

- **The Product Life Cycle (PLC) has Five Stages**
  - **Product Development, Introduction, Growth, Maturity, Decline**
  - **Not all products follow this cycle:**
    - **Fads**
    - **Styles**
    - **Fashions**

# Product Life-Cycle Strategies

- **The product life cycle concept can be applied to a:**
  - **Product class (soft drinks)**
  - **Product form (diet colas)**
  - **Brand (Diet Dr. Pepper)**
    - **Using the PLC to forecast brand performance or to develop marketing strategies is problematic**

# Product Life-Cycle Strategies

## PLC Stages

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- *Product development*
- *Introduction*
- *Growth*
- *Maturity*
- *Decline*

- **Begins when the company develops a new-product idea**
- **Sales are zero**
- **Investment costs are high**
- **Profits are negative**

# Product Life-Cycle Strategies

## PLC Stages

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- *Product development*
- *Introduction*
- *Growth*
- *Maturity*
- *Decline*

- **Low sales**
- **High cost per customer acquired**
- **Negative profits**
- **Innovators are targeted**
- **Little competition**

# Marketing Strategies: Introduction Stage

- **Product – Offer a basic product**
- **Price – Use cost-plus basis to set**
- **Distribution – Build selective distribution**
- **Advertising – Build awareness among early adopters and dealers/resellers**
- **Sales Promotion – Heavy expenditures to create trial**

# Product Life-Cycle Strategies

## PLC Stages

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- *Product development*
- *Introduction*
- *Growth*
- *Maturity*
- *Decline*

- **Rapidly rising sales**
- **Average cost per customer**
- **Rising profits**
- **Early adopters are targeted**
- **Growing competition**



# Marketing Strategies: Growth Stage

- **Product – Offer product extensions, service, warranty**
- **Price – Penetration pricing**
- **Distribution – Build intensive distribution**
- **Advertising – Build awareness and interest in the mass market**
- **Sales Promotion – Reduce expenditures to take advantage of consumer demand**

# Product Life-Cycle Strategies

## PLC Stages

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- *Product development*
- *Introduction*
- *Growth*
- *Maturity*
- *Decline*

- Sales peak
- Low cost per customer
- High profits
- Middle majority are targeted
- Competition begins to decline

# Marketing Strategies: Maturity Stage

- **Product – Diversify brand and models**
- **Price – Set to match or beat competition**
- **Distribution – Build more intensive distribution**
- **Advertising – Stress brand differences and benefits**
- **Sales Promotion – Increase to encourage brand switching**

# Product Life-Cycle Strategies

## PLC Stages

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- *Product development*
- *Introduction*
- *Growth*
- *Maturity*
- *Decline*

- **Declining sales**
- **Low cost per customer**
- **Declining profits**
- **Laggards are targeted**
- **Declining competition**

# Marketing Strategies: Decline Stage

- **Product – Phase out weak items**
- **Price – Cut price**
- **Distribution – Use selective distribution: phase out unprofitable outlets**
- **Advertising – Reduce to level needed to retain hard-core loyalists**
- **Sales Promotion – Reduce to minimal level**