# M. COM. SEM. - II

## MC 202: Marketing Management

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### PRODUCT LIFE CYCLE (PLC)

The life cycle of a product is associated with marketing and management decisions within businesses, and all products go through five primary stages: development, introduction, growth, maturity, and decline. Each stage has its costs, opportunities, and risks, and individual products differ in how long they remain at any of the life cycle stages. If you are considering entering an industry and making a product, knowing where the product is in its life cycle can provide valuable information of how to position your product in the market in terms of price, promotion, and distribution. Products typically go through four stages during their lifetime. Each stage is different and requires marketing strategies unique to the stage.

The concept of product life cycle (PLC) concerns the life of a product in the market with respect to business/commercial costs and sales measures. The product life cycle proceeds through multiple phases, involves many professional disciplines, and requires many skills, tools and processes. PLC management makes the following three assumptions

1. Products have a limited life and thus every product has a life cycle.
2. Product sales pass through distinct stages, each posing different challenges, opportunities, and problems to the seller.
3. Products require different marketing, financing, manufacturing, purchasing, and human resource strategies in each life cycle stage.

**Product Life Cycle Stages:-**

The product life cycle has 4 very clearly defined stages, each with its own characteristics that mean different things for business that are trying to manage the life cycle of their particular products. The life cycle of a product is associated with marketing and management decisions within businesses, and all products go through four primary stages:

1. Introduction,
2. Growth,
3. Maturity, and
4. Decline.

Each stage has its costs, opportunities, and risks, and individual products differ in how long they remain at any of the life cycle stages.

1. **Introduction Stage**

This stage of the cycle could be the most expensive for a company launching a new product. The size of the market for the product is small, which means sales are low, although they will be increasing. On the other hand, the cost of things like research and development, consumer testing, and the marketing needed to launch the product can be very high, especially if it’s a competitive sector.

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 the overall amount of profit, will increase. This makes it possible for businesses to invest more money in the promotional activity to maximize the potential of this growth stage.

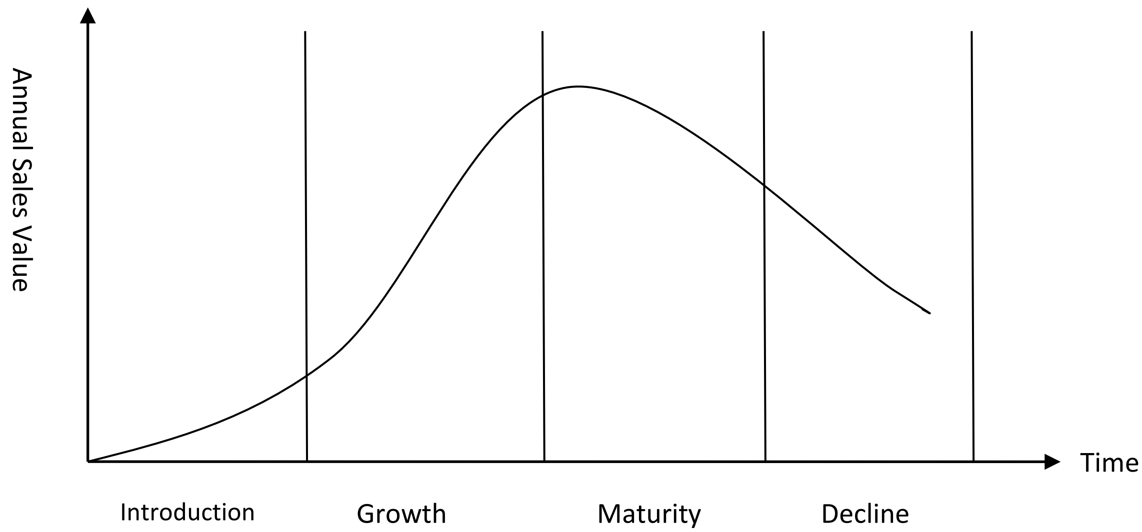
3. **Maturity Stage**

During the maturity stage, the product is established and the aim for the manufacturer is now to maintain the market share they have built up. This is probably the most competitive time for most products and businesses need to invest wisely in any marketing they undertake. They also need to consider any product modifications or improvements to the production process which might give them a competitive advantage.

4. **Decline Stage**

Eventually, the market for a product will start to shrink, and this is what’s known as the decline stage. This shrinkage could be due to the market becoming saturated (i.e. all the customers who will buy the product have already purchased it), or because the consumers are switching to a different type of product. While this decline may be inevitable, it may still be possible for companies to make some profit by switching to less-expensive production methods and cheaper markets. The idea of the product life cycle has been around for some time, and it is an important principle manufacturers need to understand in order to make a profit and stay in business.

**Fig: Product life cycle at different stages**




However, the key to successful manufacturing does not just understand this life cycle, but also proactively managing products throughout their lifetime, applying the appropriate resources and sales and marketing strategies, depending on what stage products are at in the cycle. Successful manufacturing companies generally have multiple products each at different points in the product life cycle at any given time.

The goals of Product Life Cycle management (PLM) are to reduce time to market, improve product quality, reduce prototyping costs, identify potential sales opportunities and revenue contributions, and reduce environmental impacts at end of life. To create successful new products the company must understand its customers, markets and competitors. Product Lifecycle Management (PLM) integrates people, data, processes and business systems. It provides product information for companies and their extended supply chain enterprise. PLM solutions help organizations overcome the increased complexity and engineering challenges of developing new products for the global competitive markets.