

Product Life Cycle

Stages and examples

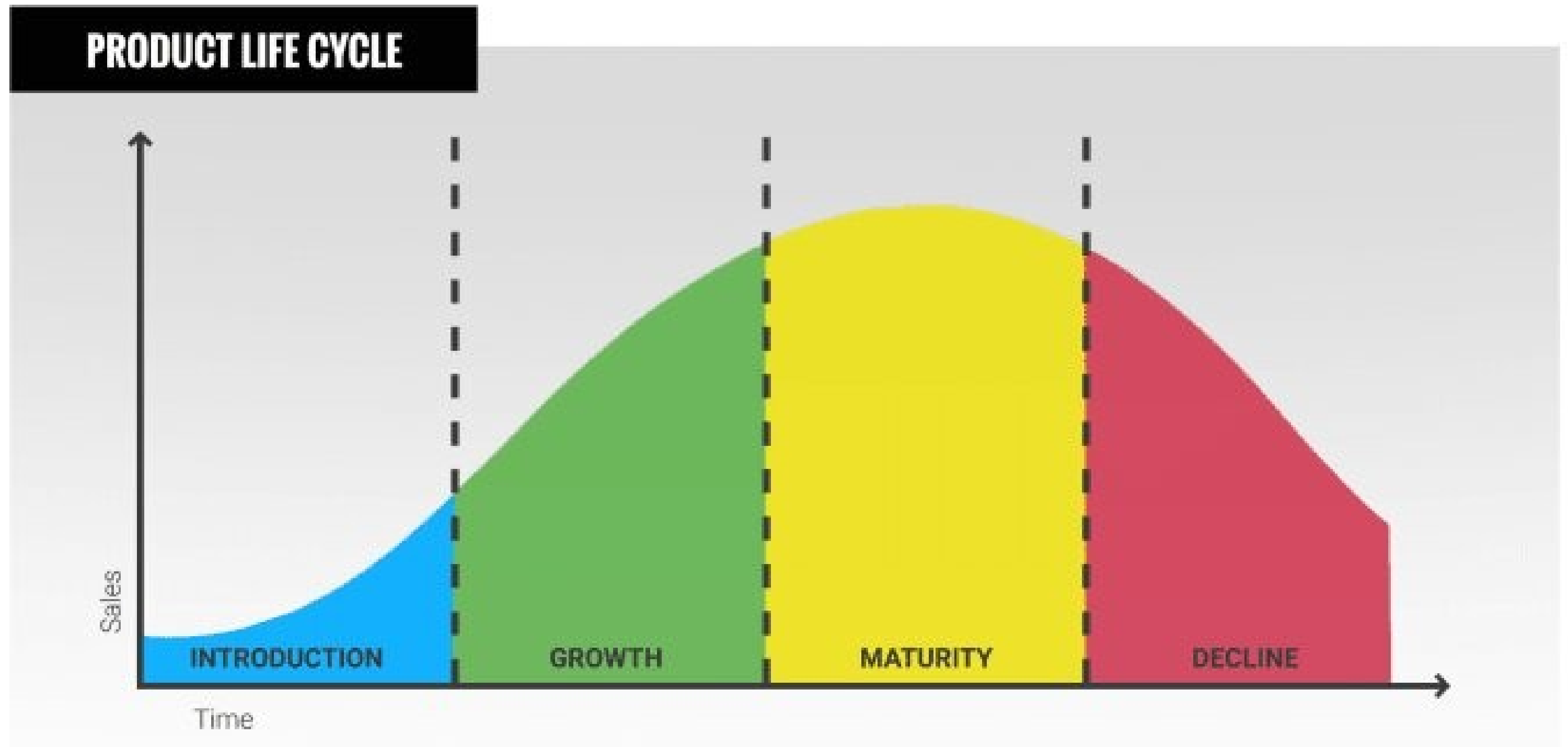
What is the Product Life Cycle?

The product life cycle is the process a product goes through from when it is first introduced into the market until it declines or is removed from the market. The life cycle has four stages - introduction, growth, maturity and decline.

While some products may stay in a prolonged maturity state, all products eventually phase out of the market due to several factors including saturation, increased competition, decreased demand and dropping sales.

Additionally, companies use PLC analysis (examining their product's life cycle) to create strategies to sustain their product's longevity or change it to meet with market demand or developing technologies.

4 Stages of the Product Life Cycle



Examples of the Product Life Cycle

The life cycle of any product always carries it from its introduction to an inevitable decline, but what does this cycle practically look like, and what are some examples?

Typewriter



A classic example of the scope of the product life cycle is the typewriter.

When first introduced in the late 19th century, typewriters grew in popularity as a technology that improved the ease and efficiency of writing. However, new electronic technology like computers, laptops and even smartphones have quickly replaced typewriters - causing their revenues and demand to drop off.

Electric Vehicles

The rise of electric vehicles shows more of a growth stage of the product life cycle.

Companies like Tesla - Get Report have been capitalizing on the growing product for years, although recent challenges may signal changes for the particular company.

Still, while the electric car isn't necessarily new, the innovations that companies like Tesla have made in recent years are consistently adapting to new changes in the electric car market, signaling its growth phase.



Uses Of PLC Analysis

Conducting PLC analysis can help companies determine if their products are servicing the market they target efficiently, and when they might need to shift focus.

By examining their product in relation to the market on the whole, their competitors, sales and expenses, companies can better decide how to pivot and develop their product for longevity in the marketplace.

Examining their product's life cycle, specifically paying attention to where their products are in the cycle, can help companies determine if they need to develop new products to continue generating sales - especially if the majority of their products are in the maturity or decline stages of the product life cycle.



PLC Strategies

For companies in an introduction stage with their product, there are several pricing models available to begin generating sales - either price skimming, which sets the price of the product initially high and lowers it to "skim" groups as the market expands, or price penetration, which sets the initial price low to penetrate the market more quickly and eventually increases it once demand grows.

Companies often run into trouble when they don't understand the introduction stage of their product's life cycle.

It is important to examine product advertising and packaging in addition to pricing.

Is the product meeting the demands and needs of its target market? If sales are stale, many companies consider shifting their marketing strategy.

Conducting a PLC analysis can help companies learn when they need to reinvent or pivot their product in a new direction. For example, online streaming service Netflix pivoted their product by going from a DVD-delivering service to primarily an online streaming service - which was met with great success.

Thank you for your attention!

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