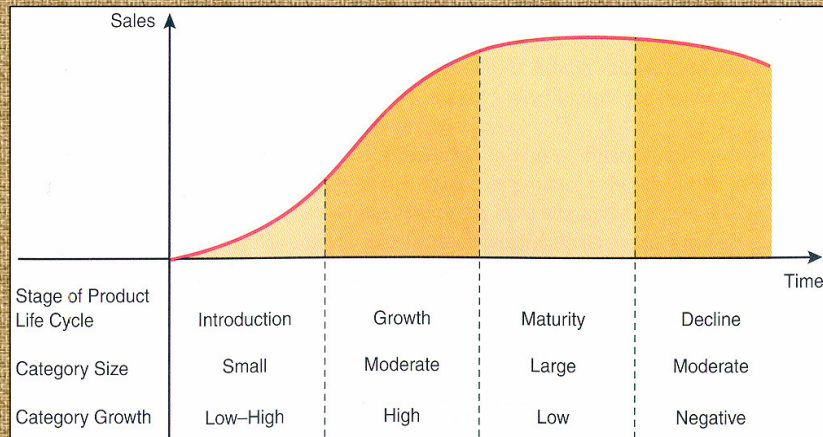


## Product Life Cycle

# Product Life Cycle



## Product Life Cycle

- **Product Life Cycle** is a **Normative** and **Descriptive** Model for the life of products in general
- Individual products will experience their own variation
- Some Products may have a higher sales curve – appeal to a larger number of segments than normal
- Some Products may have a lower sales curve – appeal to a smaller segment than normal.

### Product Life Cycle

- **Some Products may have a longer segment in the curve** or a longer curve over all.
- How long does it take to go from Invention to Innovation?

### Product Life Cycle

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<b>Product</b>	<b>Invention</b>	<b>Innovation</b>
Fluorescent Lamp	1859	1938
Television	1919	1941
Xerography	1937	1950

### Product Life Cycle

- **Some Products may have a longer segment in the curve or a longer curve over all.**
- The Safety Razor was invented by Gillette in 1895, the Gillette Safety Razor Company introduced the product in 1904.
- Where is it now in **its** Product Life Cycle?

### Product Life Cycle

- **Some Products may have a shorter segment in the curve** or a shorter curve over all.
- Freon Refrigerants were invented in 1930 and introduced in a product – Refrigerator – in 1931.

### Product Life Cycle

- **Some Products may have** a shorter segment in the curve or **a shorter curve over all.**
- Anyone know about Pokemon prior to 1998?
- Where is it now in **its** Product Life Cycle?
- “On the East Coast, retailers are discounting the newest set of collectable Pokemon trading cards in an attempt to jumpstart sales.” (*Sacramento Bee*, June 3, 2000, p. 11)
- A Short Product Life Cycle is one of the hallmarks of a **FAD.**

### Product Life Cycle

- **Product Life Cycle** is a **Normative** and **Descriptive** Model for the life of products in general
- The **PLC**'s importance to marketing decision makers is to help identify appropriate strategies and tactics for presenting a product.
- Each stage represents a different set of uncontrollable variables to consider in the development of product and market strategies.

### Product Life Cycle

- In the **Introductory Stage**
- The Product is Unknown
- The Price is generally high
- The Placement is selective
- The Promotion is generally personalized and informative

### Product Life Cycle

- In the **Growth Stage**
- The Product's capabilities are being recognized
- The Price will begin to decline, with volume
- The Placement becomes more wide spread
- The Promotion is focused on the product's need satisfying properties

### Product Life Cycle

- In the **Maturity Stage**
- The Product is competing with alternatives
- The Price reaches it's lowest point
- The Placement is intense
- The Promotion is focused on the competition and repeat purchasing

### Product Life Cycle

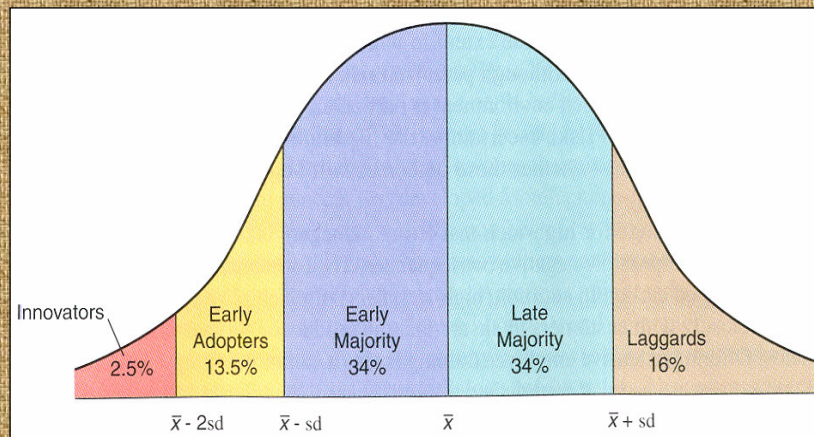
- In the **Decline Stage**
- The Product faces reduced competition
- The Price rises as volume declines
- The Placement tends back to being selective
- The Promotion is focused on reminding

### Product Life Cycle

- The Receivers change from stage to stage and, therefore
- The Decoding changes from stage to stage
- The Receiver changes are modeled as the **Adoption Curve** or *The Diffusion of Innovations* (Winer, p. 420-1).

### Product Life Cycle

## Diffusion of Innovations



Source: Rogers, Everett M, *Diffusion of Innovations*, 4<sup>th</sup> ed. (New York: Free Press, 1995).

### Product Life Cycle

- The Adoption Curve, like the PLC, is a **Normative** and **Descriptive** Model to aid decision making
- Some Receivers are Innovators, some are Laggards, and some are in between.
- Where your product is in the PLC relates to which group of receivers you should be addressing.
- Each of the adopter categories has its own characteristics

### Product Life Cycle

- Innovators are there at the beginning (2.5%)
- Innovators are not a true receiver
- They will create their own solution to a felt need and, in many situations, spur the sender into developing a commercial product
- PC as an example – the Innovators were the builders of Heath Kit and North Star computers or they bought used main frames and installed them in their homes.



#### Product Life Cycle

- **Early Adopters** are the first true receivers (13.5%)
- They tend to be the risk-takers and trend setters.
- They tend to be younger
- They utilize a great number of information sources that tend to be in closer contact with the origin of new ideas – personal selling
- They tend to be viewed as information sources by their network of peers.
- They are the Receivers during the Introductory and early Growth stages of the PLC

#### Product Life Cycle

- **Early Majority** are the profitable receivers (34%)
- They are the Receivers of the Growth and early part of the Maturity Stages (the part of the PLC that tends to generate the highest profitability)
- They are the first to utilize advertising as a major information source
- They also follow the lead of the Early Adopters

### Product Life Cycle

- **Late Majority** are the last true receivers (34%)
- They are the Receivers of the Maturity Stage when the product is firmly established
- They are skeptical and risk averse
- They utilize advertising and mass media as major information sources

### Product Life Cycle

- **Laggards** are the last receivers (16%)
- They are the Receivers of the later Maturity Stage and the Decline Stage
- They are tradition bound and very slow to change
- They tend to be immune advertising, waiting until the product has become tradition itself